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Transcript Exhibit(s)

Docket #(s): E-01933A-07-0402

E-01933A-08-0650

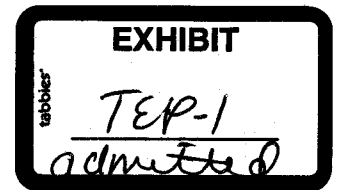
Exhibit #: TEP1-TEP6

Arizona Corporation Commission

DOCKETED

JUL 25 2008

DOCKETED BY



TUCSON ELECTRIC POWER COMPANY
PROPOSED RATE SETTLEMENT AGREEMENT

DOCKET NO. E-01933A-07-0402
DOCKET NO. E-01933A-05-0650

MAY 29, 2008

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**PROPOSED SETTLEMENT
OF
ARIZONA CORPORATION COMMISSION
DOCKET NOS. E-01933A-07-0402 and E-01933A-05-0650**

The purpose of this agreement ("Agreement") is to settle disputed issues related to Docket No. E-01933A-07-0402, Tucson Electric Power Company's application to increase rates, and Docket No. E-01933A-05-0650, Tucson Electric Power Company's motion to amend Decision No. 62103. This Agreement is entered into by the following entities:

Tucson Electric Power Company ("TEP")
Arizonans for Electric Choice and Competition and Phelps Dodge
Mining Company (collectively, "AECC")
Arizona Community Action Association ("ACAA")
U.S. Department of Defense and all other Federal Executive
Agencies ("DOD")
Arizona Investment Council ("AIC")
International Brotherhood of Electric Workers Local 1116
("IBEW 1116")
Mesquite Power, LLC, Southwestern Power Group II, LLC, Bowie
Power Station, LLC, and Sempra Energy Solutions, LLC
("Power Producers")
Kroger Company
Arizona Corporation Commission Utilities Division ("Staff")

These entities shall be referred to collectively as "Signatories"; a single entity shall be referred to individually as a "Signatory." The following terms and conditions comprise the Signatories' Agreement.

I. BACKGROUND.

1.1 In 1999, TEP, AECC, ACAA, and the Residential Utility Consumer Office ("RUCO") entered into a Settlement Agreement (the "1999 Initial Settlement Agreement") regarding various issues arising out of the Electric Competition Rules, enacted by the Arizona Corporation Commission ("Commission") as A.A.C. R14-2-1601, et. seq. The 1999 Initial Settlement Agreement, among other things, provided for (i) the commencement of retail electric competition in TEP's service territory; (ii) TEP to recover stranded costs; (iii) the resolution of litigation related to the Commission's Electric Competition Rules; (iv) implementation of two rate reductions; and (v) a freeze on rate increases until December 31, 2008 (the "rate freeze").

1.2 In Decision No. 62103 (November 30, 1999), the Commission modified and approved the 1999 Initial Settlement Agreement. Thereafter, on December 28, 1999, the parties filed an amended, final Settlement Agreement (the "1999 Settlement Agreement"), reflecting the changes made by the Commission.

1.3 On September 12, 2005, TEP filed a Motion to Amend Decision No. 62103 (the "Motion to Amend"). The Motion to Amend sought resolution of a dispute that had arisen over how TEP's generation rates should be determined beginning January 1, 2009.

1.4 In Decision No. 69568 (May 21, 2007), the Commission ordered (i) TEP to file rate proposals by July 2, 2007, to be effective after the termination of the rate freeze, thereby initiating a Rate Proposal Docket; (ii) that the Rate Proposal Docket be consolidated with the Motion to Amend; (iii) that the operation of TEP's Fixed Competition Transition Charge ("Fixed CTC"), established under the 1999 Settlement Agreement, be extended, subject to credit, refund, or other mechanism, until the effective date of the Commission's final Order in the Rate Proposal Docket; and (iv) TEP to file a detailed DSM Portfolio and Renewable Energy Action Plan in separate dockets by July 2, 2007.

1.5 On July 2, 2007, TEP filed (i) a rate application in Docket No. E-01933A-07-0402 ("2007 Rate Application"); (ii) a DSM Portfolio in Docket No. E-01933A-07-0401; and (iii) a Renewable Energy Action Plan in Docket No. E-01933A-07-0400. Thereafter, the 2007 Rate Application and Motion to Amend dockets were consolidated, and the Renewable Energy Action Plan was superseded by the TEP Renewable Energy Standard & Tariff Implementation Plan, approved as modified by the Commission in Decision No. 70314 (April 28, 2008).

1.6 The 2007 Rate Application proposed three alternative rate methodologies: (i) the Market Methodology, (ii) the Cost of Service Methodology, and (iii) the Hybrid Methodology. TEP proposed a base rate increase of \$267.57 million or 21.9% for the Market Methodology; an increase of \$275.80 million or 23% increase for the Cost of Service Methodology, including a \$158.20 million base rate increase and an additional \$117.60 million for a "Transition Cost Regulatory Asset" surcharge ("TCRAC"); and a base rate increase of \$212.54 million or 14.9% for the Hybrid Methodology. The dollar amounts are for base rate increases on 2006 test year adjusted revenues that exclude DSM and the Fixed CTC. The percentage increases listed above are from TEP's 2006 test year revenue that includes DSM and the Fixed CTC revenue.

1.7 On February 29 and March 14, 2008, Staff and Intervenors filed their direct testimony in the consolidated dockets. Staff, RUCO, and AECC each proposed establishing new base rates for TEP using cost of service. Staff proposed a base rate increase of \$9.77 million from TEP's 2006 test year adjusted revenues that excluded DSM and Fixed CTC. RUCO proposed a base rate increase of \$36.24 million. AECC proposed a base rate increase not to exceed \$91.62 million measured from the same baseline as proposed by Staff that excluded DSM and fixed CTC.

1.8 TEP's average retail rate of approximately 8.4 cents/kWh during the 2006 test year includes revenue for the collection of Fixed CTC. The Staff and RUCO base rate recommendations would have resulted in decreases from the Company's 2006 average retail rate of 8.4 cents/kWh, which includes revenue from the Fixed CTC. Staff, RUCO, and AECC each opposed TEP's TCRAC recommendation.

1.9 On April 1, 2008, TEP filed its rebuttal testimony.

1.10 On April 3, 2008, TEP filed a notice of settlement discussions with the Commission's Docket Control center. The parties to the proceeding subsequently held settlement discussions.

1.11 On April 18, 2008, Staff filed a motion with the Commission requesting the postponement of its surrebuttal testimony. On April 22, 2008, the Administrative Law Judge granted the request, and among other things, suspended the filing of testimony in this matter.

1.12 On or before May 29, 2008, the Signatories entered into this Agreement.

1.13 The settlement discussions were open, transparent, and inclusive of all parties to Docket Nos. E-01933A-07-0402 and E-01933A-05-0650 who desired to participate. All parties to those dockets were notified of the settlement discussion process, were encouraged to participate in the negotiations, and were provided with an equal opportunity to participate.

1.14 The purpose of this Agreement is to settle all issues presented by Docket Nos. E-01933A-07-0402 and E-01933A-05-0650 in a manner that will promote the public interest. The Signatories agree that the terms of this Agreement are just, reasonable, fair, and in the public interest in that they, among other things, (i) establish just and reasonable rates for TEP's customers; (ii) promote the convenience, comfort, and safety, and the preservation of the health, of the employees and patrons

of TEP; (iii) resolve the issues arising from the consolidated dockets; and (iv) avoid unnecessary litigation expense and delay.

1.15 The Signatories desire that the Commission issue an order (i) finding that the terms and conditions of this Agreement are just and reasonable, together with any and all other necessary findings; (ii) concluding that the Agreement is in the public interest; (iii) granting approval of the Agreement; and (iv) ordering that the Agreement and its terms be effective upon Commission approval.

II. RATE INCREASE.

2.1 For ratemaking purposes, and in accordance with the terms of this Agreement, the Signatories agree that the fair value of TEP's Arizona jurisdictional rate base for the test year ending December 31, 2006 (the "test year") is \$1,451,558,000, as set forth on Exhibit 1. For ratemaking purposes and for the purposes of this Agreement, the Signatories agree that a reasonable fair value rate of return is 5.64%, as shown on Exhibit 1. For ratemaking purposes and in accordance with the terms of this Agreement, the Signatories agree that TEP's jurisdictional revenue deficiency is approximately \$136.8 million, as shown on Exhibit 1. The Signatories agree that the opportunity to recover the revenue deficiency results in just and reasonable rates for TEP for the period of the rate moratorium described in Paragraph 10.1. The agreements set forth herein regarding the quantification of fair value rate base, fair value rate of return, and the revenue deficiency are made for purposes of settlement only and should not be construed as admissions against interest or waivers of litigation positions related to any other cases.

2.2 TEP's rates, including its generation rates, will be determined using a cost-of-service methodology. Upon the Commission's issuance of a final, non-appealable order approving this Agreement, TEP shall withdraw its proposed market and hybrid rate methodologies.

2.3 The Signatories agree to an annual base rate increase for TEP of approximately six percent (6%) over the current average rate of 8.4 cents per kWh. This approximate six percent (6%) increase does not include the adjustors for Purchased Power and Fuel, Demand-Side Management, and Renewable Energy. The new average retail base rate will be 8.9 cents per kWh. The approximate six percent (6%) increase, calculated on TEP's existing base rates which include revenue for Fixed CTC, is approximately \$47.1 million, and increases TEP's existing base revenue from approximately \$781.1 million to \$828.2 million. The effect of designing rates to recover \$828.2 million is a 6.03% increase.

2.4 The Signatories agree that this increase is just and reasonable. This rate increase is based on the fair value rate base and fair value rate of return set forth on Exhibit 1 and upon the original cost rate base, operating revenue, and operating expenses and adjustments thereto shown on Exhibit 2. As shown on Exhibits 1 and 2, the settlement provides for base rate revenues of approximately \$828.2 million, which is a base rate increase of approximately \$136.8 million over TEP's adjusted current base rates without Fixed CTC of \$691.5 million.

2.5 The rates set forth in the Proof of Revenue, attached hereto as Exhibit 3 and incorporated herein, are designed to permit TEP to recover an additional \$47.1 million in base revenues as compared to existing test year base revenues (including Fixed CTC but excluding DSM) of \$781.1 million.

III. RATEMAKING TREATMENT OF TEP'S GENERATION ASSETS AND FUEL COSTS.

3.1 For ratemaking purposes, Springerville Unit 1 and the Luna Generating Station shall be included in TEP's rate base at their respective original costs. All other generation assets acquired by TEP after December 31, 2006, but before December 31, 2012, shall be

included in TEP's rate base at their respective original costs, subject to the Commission's subsequent regulatory and ratemaking review and approval. This provision is not intended to create a presumption in favor of generation, and the Signatories acknowledge that TEP is obligated to consider all reasonable alternatives when evaluating how to meet its service obligations to its customers.

3.2 Recovery of Springerville Unit 1 non-fuel costs shall reflect a cost of \$25.67 per kW per month which approximates the levelized cost of Springerville Unit 1 through the remainder of the primary lease term for this generating facility. In addition, Springerville Unit 1 leasehold improvements shall be included in TEP's original cost rate base at net book value as of December 31, 2006.

3.3 The Luna Generating Station shall be included in TEP's original cost rate base at net book value as of December 31, 2006.

3.4 The average base cost of fuel and purchased power reflected in base rates shall be set at \$0.028896/kWh, as calculated in Exhibit 4.

IV. COST OF CAPITAL.

4.1 The Signatories agree that a capital structure comprised of 57.50% debt and 42.50% common equity shall be adopted for ratemaking purposes in these consolidated dockets.

4.2 The Signatories agree that a return on common equity of 10.25% and an embedded cost of debt of 6.38% are appropriate and shall be adopted for ratemaking purposes in these consolidated dockets.

4.3 The Signatories agree to a fair value rate of return of 5.64%, as shown on Exhibit 1.

V. DEPRECIATION AND COST OF REMOVAL.

5.1 For ratemaking purposes, upon the effective date of a Commission order approving this Agreement, TEP shall use the depreciation rates for Distribution and General plant contained in the attached Exhibit 5 and incorporated herein.

5.2 For local and non-local generation plant, upon the effective date of the new base rates authorized in the Commission's order approving this Agreement, TEP shall use the depreciation rates attached hereto as Exhibit 5. These generation depreciation rates include an annual accrual of \$21,626,296 on an ACC jurisdictional basis as negative net salvage (cost of removal) for "Generation," excluding the Luna Generating Station. The Luna Generating Station has separately identified depreciation rates included in Exhibit 5.

VI. IMPLEMENTATION COST RECOVERY ASSET.

6.1 TEP's original cost rate base shall include an Implementation Cost Recovery Asset ("ICRA") in the amount of \$14,212,843 to reflect the following costs of TEP's transition to retail electric competition under the 1999 Settlement Agreement:

Account	Sub	Component	ICRA per Settlement
18190	1508	Deferred Direct Access Costs	\$ 11,153,016
18190	1509	Deferred Divesiture Costs	\$ 1,193,003
18190	1510	Deferred GenCo Separation Costs	\$ 164,026
		Deferred Desert Star and West Connect Funding	\$ 1,702,798
		Total	<u>\$ 14,212,843</u>

6.2 For ratemaking purposes, the ICRA will be amortized by TEP over a four-year period commencing with the effective date of new rates from this proceeding and shall not be included in rate base or as an amortization expense in TEP's next rate case, pursuant to the Rate Moratorium provision of Paragraphs 10.1 and 10.2 herein.

VII. PURCHASED POWER AND FUEL ADJUSTMENT CLAUSE.

7.1 The Signatories agree that it is in the public interest for TEP to recover its purchased power and fuel expenses through the use of a Purchased Power and Fuel Adjustment Clause ("PPFAC").

7.2 TEP shall be authorized to recover its purchased power and fuel expenses through the PPFAC as described herein. The following is a description of the major features of the PPFAC, details of which are included in the PPFAC Plan of Administration ("POA"), attached hereto as Exhibit 6 and incorporated herein:

a. The allowable PPFAC costs include fuel and purchased power costs incurred to provide service to retail customers. Additionally, the prudent direct costs of contracts used for hedging system fuel and purchased power will be recovered under the PPFAC. The allowable cost components include the following Federal Energy Regulatory Commission ("FERC") accounts: 501 Fuel (Steam), 547 Fuel (Other production), 555 Purchased Power, and 565 Wheeling (Transmission of Electricity by Others). These accounts are subject to change if FERC alters its accounting requirements or definitions.

b. The PPFAC shall allow for recovery of demand charges and costs of contracts used for hedging fuel and purchased power costs.

c. The average retail Base Cost of Fuel and Purchased Power embedded in base rates is set at \$0.028896 per kWh.

d. The PPFAC rate will consist of two components, the Forward Component and the True-up Component.

e. The PPFAC Mechanism will be effective starting January 1, 2009. The PPFAC rate will be initially set at zero from January 1, 2009, through March 31, 2009. The first PPFAC Year (and

applicable rate) will be from April 1, 2009, through March 31, 2010. The first True-up Component will include the period of January 1, 2009, through March 31, 2009.

f. The Forward Component will be updated on April 1st of each year, beginning April 1, 2009, and will be the forecasted fuel and purchased costs for the year commencing on April 1st and ending on March 31st of each individual PPFAC Year less the average Base Cost of Fuel and Purchased Power reflected in base rates (\$0.028896 per kWh).

g. The True-up Component will reconcile any over-recovered or under-recovered amounts from the preceding PPFAC Year which will be credited to or recovered from customers in the next PPFAC Year.

h. TEP will file the PPFAC Rate with all component calculations for the PPFAC Year (that begins on the following April 1st), including all supporting data, with the Commission on or before October 31st of each year. TEP will update the October 31st filing by February 1st of the next year.

i. TEP has the ability to request an adjustment to the Forward Component at any time during a PPFAC Year should an extraordinary event occur that causes a drastic change in forecasted fuel and purchased power prices.

j. All Short-Term Wholesale Sales Revenue will be credited to fuel and purchased power costs.

k. Ten percent (10%) of annual net positive wholesale trading profits will be credited to fuel and purchased power costs annually. Under no circumstances will any annual net loss on wholesale trading incurred by TEP be shared with or borne by ratepayers.

- l. Fifty percent (50%) of the revenues from sales of sulfur dioxide (SO₂) emission allowances will be credited to fuel and purchased power costs.
- m. The Company will file monthly reports to Staff's Compliance Section and to RUCO detailing all calculations related to the PPFAC in a form and substance suitable to Staff and as detailed in the POA.
- n. The Commission or Staff may review the prudence of fuel and power purchases at any time.
- o. The Commission or Staff may review any calculation associated with the PPFAC at any time.
- p. No change to the PPFAC rate shall become effective without Commission approval.
- q. The balancing account shall accrue interest based on the one-year Nominal Treasury Constant Maturities rate. This rate is contained in the Federal Reserve Statistical Release, H-15, or its successor publication. The interest rate is adjusted annually on the first business day of the calendar year.

VIII. RENEWABLE ENERGY ADJUSTOR.

- 8.1 The Signatories agree that the REST adjustor mechanism recommended by Staff in its Direct Rate Design Testimony shall be adopted.
- 8.2 The initial rates of the REST Adjustor Mechanism will be the same as the REST Tariff charges approved in Decision No. 70314.
- 8.3 Subsequent changes to the REST Adjustor rates will be set in connection with the annual Renewable Energy Implementation Plan

submitted by TEP and approved by the Commission pursuant to the Renewable Energy Standard and Tariff rules.

IX. DEMAND-SIDE MANAGEMENT PROGRAMS AND ADJUSTOR.

9.1 The Signatories support the implementation of an appropriate Demand-Side Management ("DSM") Portfolio and related Adjustor for TEP and agree to use their best efforts to implement an appropriate DSM Portfolio and Adjustor as soon as possible.

9.2 The Signatories agree that the Commission should adopt a DSM Adjustor mechanism for TEP to allow TEP to recover the reasonable and prudent costs of Commission-approved DSM programs. The initial funding level of the adjustor shall be \$6,384,625. An initial adjustor rate of \$0.000639/kWh applied to all kWh sales is required to generate the initial funding level. The DSM adjustor shall become effective when rates from this case become effective.

9.3 TEP's DSM adjustor mechanism shall include a performance incentive as recommended by Staff in its Direct Rate Design Testimony.

9.4 TEP shall apply interest whenever an over-collected balance results in a refund to customers. The interest rate shall be based on the one-year Nominal Treasury Constant Maturities rate contained in the Federal Reserve Statistical Release H-15 or its successor publication. The interest rate should be adjusted annually on the first business day of the calendar year.

9.5 TEP shall file an application by April 1st of each year for Commission approval to reset the DSM Adjustor rates, and rates would be reset on June 1st of each year. The total amount to be recovered by the DSM Adjustor mechanism shall be calculated by projecting DSM costs for the next year, adjusted by the previous year's over- or under-collection, and adding revenue to be recovered from the DSM

performance incentive. The total amount to be recovered would be divided by the appropriate projected retail sales (kWh) for the next year to calculate the per/kWh rate.

9.6 TEP shall file semi-annual DSM reports in Docket No. E-01933A-07-0401 (TEP's DSM Portfolio docket) by March 1st (for period ending December 31st) and September 1st (for period ending June 30th) of each year. The reports should contain the information set forth in Staff's DSM Testimony.

9.7 TEP may continue to propose new DSM programs for Commission review and approval. TEP may recover the reasonable and prudent costs of such Commission-approved programs through its DSM adjustor.

X. RATE CASE MORATORIUM.

10.1 Except as otherwise expressly provided herein, TEP's base rates, as authorized in the Commission order approving this Agreement, shall remain frozen through December 31, 2012, and no Signatory will seek any change to TEP's base rates that would take effect before January 1, 2013.

10.2 TEP shall not submit a rate application sooner than June 30, 2012. On or after June 30, 2012, TEP may not submit a rate application that uses a test year ending earlier than December 31, 2011. The Signatories agree to use their best efforts to have post-moratorium rates in place no later than thirteen months after TEP's rate application is filed with the Commission. For purposes of this paragraph, Staff will be deemed to have used its "best efforts" if it endeavors to process TEP's rate application within the timeframes set forth in A.A.C. R14-2-103. The Signatories recognize that Staff cannot ensure that the Commission will act on a rate application by any date certain.

10.3 The rate moratorium contained herein shall not preclude TEP from requesting, or the Commission from approving, changes to specific rate schedules or terms and conditions of service, or the approval of new rates or terms and conditions of service, that would have a de minimus impact upon TEP's Arizona jurisdictional earnings. For purposes of this Agreement, "de minimus impact" is defined as the lesser of (i) 0.04 percent (0.0004) of the agreed-upon Arizona jurisdictional fair value rate base of \$1,451,558,000, as set forth in Exhibit 1, or (ii) a \$600,000 annual impact on TEP's calendar year recorded net operating income during the years of the rate moratorium period. Nothing contained in this Agreement is intended to preclude the Commission from approving changes to TEP's tariffs or terms and conditions of service which are consistent with this Agreement.

XI. EMERGENCY CLAUSE.

11.1 Notwithstanding anything contained herein to the contrary, TEP shall not be prevented from requesting a change to its base rates, or necessary changes to the PPFAC mechanism, the DSM adjustor mechanism, or the REST adjustor mechanism, as may be applicable, that would take effect prior to January 1, 2013, in the event of conditions or circumstances that constitute an emergency. For the purposes of this Agreement, the term "emergency" is limited to an extraordinary event that is beyond TEP's control and that, in the Commission's judgment, requires rate relief in order to protect the public interest. This provision is not intended to preclude TEP from seeking rate relief pursuant to this paragraph in the event of the imposition of a federal carbon tax or related federal "cap and trade" system. This provision is not intended to preclude any party from opposing an application for rate relief filed by TEP pursuant to this paragraph.

XII. CERTIFICATE OF CONVENIENCE & NECESSITY.

12.1 The Signatories agree that a generic docket is an appropriate means by which the Commission could address the issue of exclusivity

of the Certificates of Convenience and Necessity ("CC&N") of the "Affected Utilities" as defined in A.A.C. R14-2-1601.1, should the Commission choose to do so.

12.2 The Signatories acknowledge that TEP has the obligation to plan for and to serve all customers in its certificated service area, irrespective of size, and to recognize, in its planning, the existence of any Commission direct access program and the potential for future direct access customers. This Agreement does not bar any Party from seeking to amend TEP's obligation to serve or the Commission's prospective ratemaking treatment of TEP.

12.3 This Agreement is not intended to create, confirm, diminish, or expand an exclusive right for TEP to provide electric service within its certificated area where others may legally also provide such service, to diminish or expand any of TEP's rights to serve customers within its certificated area, or to prevent the Commission or any other governmental entity from amending the laws and regulations relative to public service corporations.

XIII. RETURNING CUSTOMER DIRECT ACCESS CHARGE.

13.1 TEP will file, as a compliance item, a Returning Customer Direct Access Charge ("RCDAC") tariff within ninety (90) days of the effective date of the Commission's order approving this Agreement. The RCDAC tariff will contain the following features:

- a. The RCDAC shall apply only to individual customers or aggregated groups of customers with demand load of 3 MWs or greater.
- b. The RCDAC shall not apply to a customer who provides TEP with one year's advance written notice of intent to return to TEP generation service and to take TEP Standard Offer service.

c. The RCDAC rate schedule shall identify the individual components of the potential charge, definitions of the components, and a general framework that describes the way in which the RCDAC would be calculated.

d. The RCDAC shall only be established to recover from Direct Access customers the additional costs, both one-time and recurring, that these customers would otherwise impose on other Standard Offer customers if and when the former return to Standard Offer service from their competitive suppliers. The customers shall pay the RCDAC in full within one year of the RCDAC being assessed.

13.2 The Signatories agree that a RCDAC as described above is in the public interest and should be adopted.

XIV. 1999 SETTLEMENT AGREEMENT.

14.1 The Signatories recognize that Decision No. 62103 and the 1999 Settlement Agreement were designed to allow a transition to retail electric competition within a specific time period. Inasmuch as the transition to retail electric competition has thus far not occurred and the time periods applicable to Decision No. 62103 and to the 1999 Settlement Agreement have passed, the Signatories recognize that it is necessary to address the prospective regulatory treatment that is appropriate for TEP under these circumstances.

14.2 To the extent that any party to the 1999 Settlement Agreement or any other party contends that the provisions of this Agreement are inconsistent with Decision No. 62103, the Signatories request that the Commission amend Decision No. 62103 to be consistent with this Agreement.

14.3 Under the circumstances in which TEP currently operates, it is appropriate to determine TEP's rates pursuant to cost-of-service ratemaking principles.

14.4 Upon the Commission's issuance of a final, non-appealable order approving this Agreement, TEP shall forego all claims relating to any alleged breach of contract resulting from or related to the 1999 Settlement Agreement and/or Decision No. 62103.

14.5 Upon the Commission's issuance of a final, non-appealable order approving this Agreement, TEP shall not seek to recover, in this or any subsequent proceeding, any amount that it claims is attributable to its alleged damages allegedly related to setting its rates under cost-of-service ratemaking principles.

14.6 Upon the Commission's issuance of a final, non-appealable order approving this Agreement, TEP shall not seek to recover, in this or any subsequent proceeding, any amount that it claims is attributable to any alleged damages allegedly related to the rate freeze adopted by the Commission in Decision No. 62103.

14.7 Upon the Commission's issuance of a final, non-appealable order approving this Agreement, TEP shall forego any and all claims related in any way to Decision No. 62103 or the 1999 Settlement Agreement.

14.8 Upon the Commission's issuance of a final, non-appealable order approving this Agreement, each Signatory hereby releases and forever discharges each other Signatory and the Commission from any and all claims, actions, and demands, of any nature whatsoever, past or present, whether arising out of any Commission order, statute, regulation, breach of contract, or any other theory, whether legal or equitable, including any claims, losses, costs or damages, in each case whether known or unknown, which such other Signatory or the Commission ever had, now have, or may in the future claim to have,

arising from or pertaining to the 1999 Settlement Agreement and Decision No. 62103.

14.9 The Signatories recognize that certain waivers were provided to TEP under the 1999 Settlement Agreement. As these waivers were previously evaluated in the context of the then-contemplated transition to competition, they may not continue to be in the public interest. The Signatories agree that TEP shall file an application with the Commission addressing all of these waivers within ninety (90) days of the issuance of a Commission order approving this Agreement. In that proceeding, the Commission shall evaluate whether these waivers remain appropriate.

XV. FIXED CTC TRUE-UP REVENUES.

15.1 Certain issues related to the Fixed CTC True-up revenues remain unresolved by this Agreement, and the Signatories agree to present their respective positions in the hearing scheduled in this proceeding. Specifically, the Signatories shall present to the Commission their respective positions as to when TEP's new rates may go into effect and how TEP's Fixed CTC True-up revenues, as defined in Decision No. 69568, should be calculated and treated. The Signatories may present evidence to the Commission in the hearings scheduled in these consolidated dockets regarding these issues. This provision is not intended to limit any party's ability to present its position on these issues.

15.2 To the extent that the Commission determines that any Fixed CTC True-up revenues are to be credited to customers, then TEP agrees that an amount equal to any such Fixed CTC True-up revenues, up to \$32.5 million, shall be credited to customers in the PPFAC balancing account.

15.3 The Commission shall determine the disposition of additional Fixed CTC True-up revenues, if any, to be credited to customers.

XVI. RATE DESIGN.

A. Rate Spread.

16.1 Except as set forth in Paragraph 16.28, the base revenue increase is to be spread across all customers such that each rate schedule shall reflect the same increase of 6.1% in adjusted base revenues as shown on Exhibit 7. The 6.1% increase is the result of holding low-income customers harmless from the rate increase. Selected rate schedules are attached as Exhibit 8.

16.2 This increase also applies to TEP's existing time-of-use schedules, which will be frozen to new subscription.

B. Inclining Block Rate Structure.

16.3 The Signatories agree that rate design can be used as an important energy conservation incentive. To accomplish this goal for the Residential Rate 01 service classification, the rate structure shall be redesigned as an inclining block rate, meaning that the unit price of electricity, excluding the customer charge, shall increase as consumption increases.

16.4 Residential Rate 01 shall have three blocks and shall be seasonally (summer/winter) differentiated with the first block applicable to kWh usage from 0 to 500 kWhs. The second block will be for usage of the next 3,000 kWhs or 501 kWhs to 3,500 kWhs. The third block will be for usage above 3,500 kWhs.

16.5 This rate structure recognizes that there are a large percentage of users that have relatively small usage, while also recognizing that a relatively small amount of users use a relatively large amount of energy. For example, during the Summer Period for Residential Rate 01, 27% of all bills are for usage under 500 kWhs per month. For those customers, the average usage is only 280 kWhs per

month. In contrast, only 1.4% of all Residential Rate 01 bills contain usage above 3,500 kWhs. For these customers, the average usage is 4,766 kWhs per month.

16.6 General Service Rate 10 shall be redesigned to have an inclining block structure with two rates. The first rate shall apply to the first 500 kWhs per month, and the second rate for usage above 500 kWhs. Similar to Residential Rate 01, many General Service Rate customers are small users with 30% of the usage in this rate class falling under 500 kWhs. For these customers, average usage is approximately 200 kWhs.

C. Time-of-Use.

16.7 The Signatories agree that sending price signals to customers as to how TEP's cost to serve may change in different times of the year and times of the day provides an important energy conservation incentive. The Signatories therefore agree that expanding the availability of time-of-use rate schedules is in the public interest. All time-of-use rate schedules shall be available on an optional basis. Time-of-use will not be mandatory for any customer.

16.8 TEP will implement new time-of-use schedules that will be open for new subscription. Under newly implemented time-of-use rates, all residential, general service, large general service, and large light and power customers will be offered a time-of-use option.

16.9 TEP commits to design a program to educate customers on the potential for load shifting and bill reduction under time-of-use rates, and will make a good faith effort to promote time-of-use so as to increase subscription thereto.

16.10 TEP shall offer three new optional residential time-of-use schedules to replace the current (to-be-frozen) Rate 70. The customer charges under the three new rates will be \$8.00 per month.

16.11 The three new residential options shall be offered to allow a customer to choose a schedule fitting his lifestyle and to result in load shifting that will be beneficial to system operations.

16.12 The three new residential time-of-use schedules shall offer customers flexibility for weekend usage, which should make the new optional rates attractive to potential subscribers.

16.13 In order for customers to clearly see the advantages of shifting power to the off-peak period, there are several key elements of the residential time-of-use schedules as compared to the non-time-of-use schedules:

- a) Each time-of-use option will have the same inclining block rate structure as the non-time-of-use schedule.
- b) The rate for the shoulder period for the time-of-use schedules will be between the peak and off-peak rate.
- c) The rate for the peak periods for the time-of-use schedules will be higher than the rate for the non-time-of-use schedule.
- d) The rate for the off-peak periods for the time-of-use schedules will be lower than the rate for the non-time-of-use schedule.

16.14 Time-of-use rates shall be seasonally differentiated. "Summer" shall include the billing months of May through October. "Winter" shall include the billing months of November through April.

16.15 New time-of-use schedules shall include:
Rate 70N-B Residential Time-of-Use – (Weekend Shoulder)
Rate 70N-C Residential Time-of-Use – (Weekend Super-Peak)

Rate 70N-D Residential Time-of-Use – (Weekend Off-Peak)
Rate 201BN Special Residential Time-of-Use (Guarantee Home)
Rate 201CN Special Residential Time-of-Use/Solar (Guarantee Home)
Rate 76N General Service Time-of-Use
Rate 85N Large General Service Time-of-Use
Rate 90N Large Light and Power Time-of-Use

16.16 Under Rate 70N-B (Weekend Shoulder), on summer weekends and selected holidays, the shoulder period will be 2 p.m. - 8 p.m. with no peak period. On winter weekends and selected holidays, there will be only an evening peak from 5 p.m. - 9 p.m. The winter morning peak period (6 a.m. - 10 a.m.), which applies on weekdays, will be treated as off-peak. Weekday hours under Rate 70N-B will be as follows: Summer Peak, 2 p.m. - 6 p.m.; Summer Shoulder, 12:00 noon - 2 p.m. and 6 p.m. - 8 p.m.; and Winter Peak, 6 a.m. - 10 a.m. and 5 p.m. - 9 p.m.

16.17 Under Rate 70N-C (Weekend Super-Peak), there will be no weekend and holiday shoulder. On summer weekends and selected holidays, there will be a four-hour peak period from 2 p.m. - 6 p.m. All other weekend/holiday hours will be off-peak. On winter weekends and selected holidays, there will be a four-hour peak period from 5 p.m. - 9 p.m. The winter morning peak period (6 a.m. - 10 a.m.), which applies on the weekdays, is treated as off-peak. Weekday hours under Rate 70N-C match 70N-B. The hours differ only on weekends.

16.18 Under Rate 70N-D (Weekends Off-Peak), all weekend and selected holiday hours will be off-peak. Weekday hours under Rate 70N-C match 70N-B. The hours differ only on weekends.

16.19 The new non-residential time-of-use rates shall apply to each day of the year, with no distinction for weekdays, weekend days, or

holidays. Peak demand charges, where they exist, will apply to periods designated as shoulder, in addition to peak periods.

16.20 The non-residential time-of-use schedules will have a summer on-peak period from 2 p.m. - 6 p.m., and two shoulder periods from 12 noon - 2 p.m. and 6 p.m. - 8 p.m. Other summer hours will be off-peak. The winter peak period shall run from 6 a.m. - 10 a.m. and 5 p.m. - 9 p.m. Other winter hours shall be off-peak.

16.21 Current residential time-of-use rate schedules shall be frozen to new subscription. Frozen rate schedules shall remain in place for existing customers at existing sites or delivery points. New customers will not be eligible for service under frozen schedules.

16.22 Frozen time-of-use schedules shall include:

- Rate 21 Residential Time-of-Use
- Rate 70 Residential Time-of-Use (with shoulder)
- Rate 201B Special Residential Time-of-Use (Guarantee Home)
- Rate 201C Special Residential Time-of-Use/Solar (Guarantee Home)
- Rate 76 General Service Time-of-Use
- Rate 85A Large General Service Time-of-Use
- Rate 85F Large General Service Time-of-Use
- Rate 90A Large Light and Power Time-of-Use
- Rate 90F Large Light and Power Time-of-Use

16.23 TEP agrees to publicize in a manner agreeable to Staff the current Residential TOU Rate 70 so as to give customers a final opportunity to subscribe before the schedule is closed to all new subscription.

D. Other Rate Design Changes.

16.24 The customer charge in Residential Rate 01 shall be \$7.00 per month.

16.25 Time-of-Use Rates Large General Service Rate 85N and Large Light and Power Rate 90N shall be seasonally differentiated and have substantial non-fuel cost recovery through demand charges, which will help TEP to control peak demand.

16.26 Unbundled rates shall be designed such that the generation component is near cost (so as to facilitate economically efficient direct access), and the transmission component is tied to the FERC Open Access Transmission Tariff ("OATT").

16.27 Off-peak demand charges under Large General Service TOU Rate 85N, to be implemented under this Agreement, will apply to all off-peak kW, rather than only off-peak kW in excess of some threshold percent (e.g., 150%) of on-peak kW (as in the case of Off-Peak *Excess* Demand Charges found in some of TEP's current Large General Service and Large Light and Power schedules). In contrast, Large Light and Power TOU Rate 90N, to be implemented under this Agreement, will continue the use of Excess Demand Charges.

E. Low-Income Tariffs.

16.28 The approximate 6% increase in base revenue will not apply to the existing low-income programs. As a result, all rate schedules except for the low-income schedules will receive a 6.1% increase. This holds current low-income customers harmless from the rate increase.

16.29 The following low-income tariffs will be frozen:
R-0401F - FROZEN, R-0421F - FROZEN, R-0470F - FROZEN, R-0501F - FROZEN, R-0521F - FROZEN, R-0570F - FROZEN, R-

05201AF - FROZEN, R-05201BF - FROZEN, and R-0621F - FROZEN, R-0821F - FROZEN. In the naming convention, the first two numbers correspond to the current low-income rider. The last numbers correspond to the existing rate to which the discount is applied. Therefore, R-0401F indicates existing low-income Rider 4 combined with existing Residential Rate 1.

16.30 The following low-income tariffs will remain open to new subscription: R-0601, R-0670, R-06201A, R-06201B, R-0801, R-0870, R-08201A, and R-08201B, R-08201C, and R-06201C.

16.31 Low income customers, both under frozen low-income tariffs and unfrozen low-income tariffs, will not be subject to the PPFAC. Incremental fuel and purchased power costs that these low-income customers would have otherwise paid under the PPFAC will be recovered from all remaining customers subject to the PPFAC.

XVII. RULES AND REGULATIONS.

17.1 TEP shall file its Rules and Regulations, including the changes proposed by TEP in its rate application and the changes thereto proposed by Staff, no later than June 11, 2008. It is the Signatories' understanding that the changes to TEP's Rules and Regulations shall not be inconsistent with the provisions of this Agreement.

17.2 Any Signatory to this Agreement shall raise in the hearing any contentions as to whether the Rules and Regulations proposed pursuant to Paragraph 17.1 are inconsistent with the terms of this Agreement or are otherwise inappropriate.

17.3 Among the significant changes to TEP's rules and regulations is the elimination of free footage from TEP's line extension tariffs.

XVIII. ADDITIONAL TARIFF FILINGS.

18.1 TEP agrees to file within ninety (90) days of the effective date of the Commission's approval of this Agreement the following tariffs, to be developed in consultation with Staff and interested stakeholders, as compliance items for Commission approval:

a. New Partial Requirements Tariffs that both protect TEP's ability to recover fixed costs and facilitate the development of renewable energy projects and environmentally friendly self-generation. These tariffs will be designed so as to not inhibit the installation of large scale solar or other renewable projects. The new Partial Requirement Tariffs shall provide for supplemental, standby, and maintenance services. Supplemental service shall be based on the unbundled delivery price components applicable to full requirements customers. Maintenance service shall be provided at a rate that recognizes that usage may be scheduled at times with lower cost-to-serve. Standby service shall be priced at such a level that balances the cost recovery needs of TEP with the desires of stakeholders to promote economically viable self-generation.

b. An Interruptible Tariff that provides a range of options with respect to notice requirements, duration, and frequency, and that will provide credits to participating customers based on avoided capacity costs. The interruptible program could also have options for "economic interruptions" as well as interruptions based on capacity or transmission constraints.

c. A Demand Response Program Tariff that establishes a voluntary program whereby customers reduce demand levels for specified durations upon notification by TEP that a critical situation exists. TEP will focus on enrolling interested commercial and industrial customers whose operations permit them to commit to specific load reduction targets during critical periods. The

program will be designed so as to balance TEP's need to reduce peak demand with the customers' desire to maintain viable operations. TEP and stakeholders will also explore the potential advantages of a program through which interested parties could receive bill credits for verifiable demand reduction over expanded hours with high incremental costs. The bill credit program would be in addition to, not in place of, a voluntary program with no payments. Finally, TEP will explore notification methods whereby smaller customers, such as residential customers and smaller general service customers, can contribute to critical period load reduction.

d. A Bill Estimation Tariff that reflects the terms and procedures contained in TEP's Rules and Regulations, and additionally addresses specific permutations of demand and energy estimation for situations with varying history (e.g., at least twelve (12) months, less than twelve (12) months, or no history), status of customer at premise (new customer or existing customer), and status of premise (at least twelve (12) months premise history, less than twelve (12) months of premise history, or new premise).

XIX. FUEL AUDIT.

19.1 TEP agrees to implement the fuel audit recommendations set forth by Staff in its Direct Testimony, except that the fuel audit recommendations need not be completed prior to the implementation of the PPFAC. TEP should file an implementation plan within ninety (90) days of the effective date of the Commission's order approving this Agreement.

XX. MISCELLANEOUS PROVISIONS.

20.1 The Signatories agree that all currently filed testimony and exhibits shall be offered into the Commission's record as evidence. The Signatories acknowledge that the filing of testimony was suspended

before Staff and the Intervenors filed their surrebuttal testimony. But for the suspension of the filing, some of the Signatories would have opposed TEP's rebuttal testimony and filed motions to strike certain TEP testimony that they believe was inappropriate. In the event that hearings resume on the 2007 Rate Application and the Motion to Amend, the Signatories reserve the right to file surrebuttal testimony, to file any motions to strike, or to seek any other relief.

20.2 The Signatories recognize that Staff does not have the power to bind the Commission. For purposes of proposing a settlement agreement, Staff acts in the same manner as any party to a Commission proceeding.

20.3 This Agreement shall serve as a procedural device by which the Signatories will submit their proposed settlement of these consolidated dockets to the Commission. Except for Paragraphs 16.23, 20.1–20.9, 20.12–20.13, and 20.15, this Agreement will not have any binding force or effect until its provisions are adopted as an order of the Commission.

20.4 The Signatories recognize that the Commission will independently consider and evaluate the terms of this Agreement. If the Commission issues an order adopting all material terms of this Agreement, such action shall constitute Commission approval of the Agreement. Thereafter, the Signatories shall abide by the terms as approved by the Commission.

20.5 In the event that the Commission fails to issue a final Order before December 31, 2008, any Signatory to this Agreement may withdraw from the Agreement, and such Signatory or Signatories may pursue their respective remedies.

20.6 If the Commission fails to issue an order adopting all material terms of this Agreement, any or all Signatories may withdraw from this Agreement, and such Signatory or Signatories may pursue

without prejudice their respective remedies. For the purposes of this Agreement, whether a term is material shall be left to the discretion of the Signatory choosing to withdraw from the Agreement.

20.7 If TEP elects to withdraw from this Agreement pursuant to paragraphs 20.5 or 20.6, the Agreement shall become null and void and of no further force or effect.

20.8 This Agreement represents the Signatories' mutual desire to compromise and settle disputed issues in a manner consistent with the public interest. The terms and provisions of this Agreement apply solely to and are binding only in the context of the purposes and results of this Agreement. Nothing in this Agreement shall be construed as an admission by any Signatory that any of the positions or actions they have taken in the Motion to Amend, the 2007 Rate Application, or otherwise with respect to the 1999 Settlement Agreement are unreasonable or unlawful. Execution of the Agreement by the Signatories is without prejudice to any position taken by any of the Signatories in the Motion to Amend, the 2007 Rate Application, or otherwise with respect to the 1999 Settlement Agreement.

20.9 No Signatory is bound by any position asserted in negotiations, except as expressly stated in this Agreement. Evidence of conduct or statements made in the course of negotiating this Agreement shall not be admissible before this Commission, any other regulatory agency, or any court. None of the positions taken herein by any Signatory or in the negotiations surrounding this Agreement may be referred to, cited, or relied upon, as precedent or otherwise, in any other proceeding before the Commission, any other regulatory agency, or before any court for any other purpose except in furtherance of the purposes of this Agreement.

20.10 To the extent any provision of this Agreement is inconsistent with any existing Commission order, rule, or regulation, this Agreement shall control.

20.11 Any future Commission order, rule, or regulation shall be construed and administered, to the extent possible, in a manner so as not to conflict with the specific provisions of this Agreement, as approved by the Commission. Nothing contained in this Agreement is intended to interfere with the Commission's authority to exercise any regulatory authority by the issuance of orders, rules, or regulations.

20.12 The Signatories shall make all reasonable and good faith efforts necessary to obtain a Commission order approving this Agreement. The Signatories shall not take, support, or propose any action which would be inconsistent with this Agreement. Nothing contained in this Agreement is intended to otherwise interfere with any Signatory's ability to advocate its own position pursuant to Paragraphs 20.1 and 20.5-20.9 of this Agreement.

20.13 The Signatories shall actively defend this Agreement before the Commission, any other regulatory agency, or court in the event of any challenge to its validity or implementation. The Signatories expressly recognize, however, that Staff shall not be obligated to file any document or take any position that is inconsistent with a Commission order in this matter.

20.14 The terms of this Agreement are not severable, and each of such terms is in consideration of all other terms of this Agreement.

20.15 This Agreement may be executed in any number of counterparts and by each Signatory on separate counterparts, each of which when so executed and delivered shall be deemed an original and all of which taken together shall constitute one and the same instrument. This Agreement also may be executed electronically or by facsimile.

AGREED to as of this May day of 29th, 2008

ARIZONA CORPORATION COMMISSION UTILITIES DIVISION

By: EG Johnson
Ernest G. Johnson
Director, Utilities Division

TUCSON ELECTRIC POWER COMPANY

By:

A handwritten signature in dark ink, appearing to read "J. Pignatelli", is written over a horizontal line.

James S. Pignatelli

Chairman, President and Chief Executive Officer

RESIDENTIAL UTILITY CONSUMER OFFICE

By: _____

Title: _____

Date: _____

SOUTHWESTERN POWER GROUP, II, LLC

Donald H. Pettis

General Manager

Date: 5/28/08

INTERNATIONAL BROTHERHOOD OF ELECTRIC
WORKERS LOCAL 1116

By: 

Nicholas J. Enoch, Esq.
Lubin & Enoch, P.C.
349 North Fourth Avenue
Phoenix, Arizona 85003
Telephone: (602) 234-0008
Facsimile: (602) 626-3586
E-mail: nicholas.enoch@azbar.org

Title: Attorney

Date: May 29, 2008

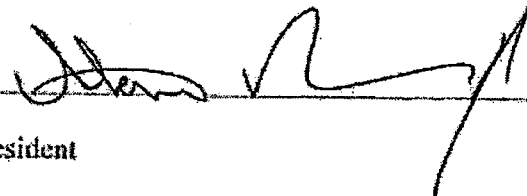
SEMPRA ENERGY SOLUTIONS LLC

By: William B. Goddard
William B. Goddard
Commodity Supply & Operations

Title: Vice President

Date: 5.28.08

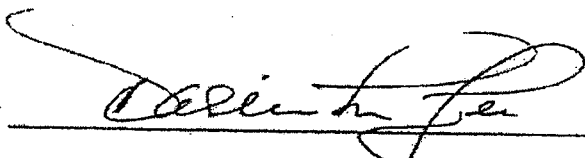
ARIZONANS FOR ELECTRIC CHOICE AND COMPETITION

By  Stan Barnes

Its President

Dated May 29, 2008

PHELPS DODGE MINING COMPANY

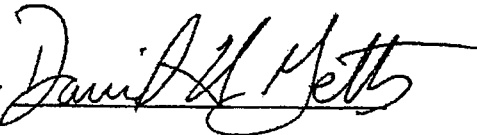
By 

Its Vice President

Dated May 29, 2008

PRIVILEGED AND CONFIDENTIAL SETTLEMENT COMMUNICATION
SUBJECT TO FED. R. EVID. 408 AND STATE LAW EQUIVALENT
TEP 041508 DRAFT

BOWIE POWER STATION, LLC

By 

General Manager

5/28/08

PRIVILEGED AND CONFIDENTIAL SETTLEMENT COMMUNICATION
SUBJECT TO FED. R. EVID. 408 AND STATE LAW EQUIVALENT
TEP 0415408

THE KROGER CO.

A handwritten signature in black ink, appearing to read "K Boehm". The signature is written in a cursive, flowing style.

By: Kurt J. Boehm, Esq.

Title: Attorney For The Kroger Co.

Date: May 29, 2008

MESQUITE POWER, LLC

By: Lawrence V Robertson, Jr

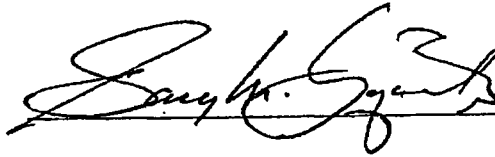
Title: CEO

Date: May 29, 2008

UNITED STATES DEPARTMENT OF DEFENSE AND ALL OTHER
FEDERAL EXECUTIVE AGENCIES

By Peter G. Nyce

ARIZONA INVESTMENT COUNCIL

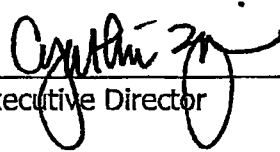
By: 

Title: President

Date: May 29, 2008

ARIZONA COMMUNITY ACTION ASSOCIATION

By


Executive Director

Tucson Electric Power Company
 Computation of Increase in Gross Revenue Requirements
 Test Year Ended December 31, 2006
 (Thousands of Dollars)

Line No.	Description	ACC Jurisdiction			Line No.
		Original Cost	RCND	Fair Value	
1	Adjusted Rate Base	\$1,020,207	\$1,882,910	\$1,451,558	1
2	Adjusted Operating Income	(\$516)	(\$516)	(\$516)	2
3	Current Rate of Return (2/1)	-0.05%	-0.03%	-0.04%	3
4	Required Operating Income	\$81,879	\$81,879	\$81,879	4
5	Required Rate of Return (4/1)	8.03%	4.35%	5.64%	5
6	Operating Income Deficiency	\$82,395	\$82,395	\$82,395	6
7	Gross Revenue Conversion Factor	1.6598	1.6598	1.6598	7
8	Increase in Gross Revenue Requirement	<u>\$136,758</u>	<u>\$136,758</u>	<u>\$136,758</u>	8

TUCSON ELECTRIC POWER COMPANY
COMPARISON OF ADJUSTMENTS TO JURISDICTIONAL REVENUE REQUIREMENT
TEST YEAR ENDED DECEMBER 31, 2006

	As Filed TEP 7/2/07	Original Cost - ACC Jurisdictional Direct ACC 2/29/08	Settlement 5/29/08	Summary
RATE BASE				
Original Cost Rate Base - Unadjusted	\$1,154,149,459	\$1,154,149,459	\$1,154,149,459	
Rate Base Adjustments				
Implementation Cost Regulatory Asset (Staff B-3)	47,454,880	14,212,499	14,212,499	For purpose of settlement and to be reflected in rates in this proceeding Staff's original adjustment was accepted.
Springerville Unit 1 - Leasehold Improvements	(\$54,784,951)	(\$4,784,951)	-	For purpose of settlement and to be reflected in rates in this proceeding Springerville Unit 1 Leasehold Improvements are being reflected in rates at cost.
Renewable Resources	(\$6,727,183)	(6,727,183)	(\$6,727,183)	For purpose of settlement and to be reflected in rates in this proceeding TEP's original position was accepted.
Luna Plant (Staff B-2)	(\$45,829,034)	-	-	For purpose of settlement and to be reflected in rates in this proceeding Luna is being reflected in rates at cost.
Accum Depr- Cost of Removal (FAS 143) (Staff B-5)	-	(99,814,938)	-	For purpose of settlement and to be reflected in rates in this proceeding TEP's original position was accepted.
Accum Depr-Unauthorized Depreciation Rate Changes (Staff B-6)	-	(41,567,880)	-	For purpose of settlement and to be reflected in rates in this proceeding TEP's original position was accepted.
Other Deferred Credits (B-8 & Partial Staff B-7)	-	(2,625,627)	(1,585,878)	For purpose of settlement and to be reflected in rates in this proceeding Staff's original position was accepted, net of related ADIT.
Customer Care & Billing System (Staff B-9)	-	(4,364,894)	-	For purpose of settlement and to be reflected in rates in this proceeding TEP's original position was accepted.
Delayed Utilization	-	-	8,043,062	For purpose of settlement the parties agree with the increase in plant in service and accumulated depreciation for generation plant that was in service at 12/31/06 but not utilized or included in FERC 106 (Completed Construction Not Classified).
Delayed Utilization - ADIT	-	-	(114,016)	For purpose of settlement the parties agree with the adjustment to test year recorded deferred income taxes associated with the increase in plant in service for generation plant that was in service at 12/31/06 but not utilized or included in FERC 106 (Completed Construction Not Classified).
Accumulated Deferred Income Taxes	(\$87,859,168)	(58,548,738)	(\$119,216,320)	The parties agree to the balance of ADIT to be included in rate base as property synchronized with all settlement adjustments.
Allowance for Cash Working Capital (Staff B-4/B-4.1)	(\$22,017,047)	(24,642,425)	(\$24,797,303)	The parties agree to the balance of cash working capital to be included in rate base as property synchronized with all settlement adjustments.
Allowance for Working Capital (Staff B-4.2)	(\$1,652,795)	(3,757,710)	(\$3,757,710)	For purpose of settlement and to be reflected in rates in this proceeding Staff's original adjustment was accepted.
ACC Jurisdictional Allocation Computation Errors	-	(9,325,662)	-	For purpose of settlement and to be reflected in rates in this proceeding TEP's corrections to ACC jurisdictional allocations were accepted.
Total Adjustments to Rate Base	(171,415,299)	(291,947,508)	(133,942,849)	
Rate Base	982,734,160	862,201,951	1,020,206,611	
Requested Rate of Return	8.35%	7.93%	8.03%	For purpose of settlement and to be reflected in rates a pro-forma capital structure of 42.50% Equity @ 10.25% and 57.50% Debt @ 6.38% was used.
Required Operating Income	\$82,069,007	\$68,335,490	\$81,879,208	

TUCSON ELECTRIC POWER COMPANY
COMPARISON OF ADJUSTMENTS TO JURISDICTIONAL REVENUE REQUIREMENT
TEST YEAR ENDED DECEMBER 31, 2006

	As Filed TEP 7/2/07	Original Cost - ACC-Jurisdictional Direct ACC 2/29/08	Settlement 5/29/08	Summary
OPERATING INCOME				
Original Operating Income - Unadjusted	\$22,494,183	\$22,494,183	\$22,494,183	
Operating Revenue Adjustments				
Stranded Costs & Fixed CTC	(89,640,816)	(89,640,816)	(89,640,816)	For purpose of settlement and to be reflected in rates in this proceeding TEP's original adjustment was accepted.
SlimFast Contract Termination Fee	(278,215)	(278,215)	(278,215)	For purpose of settlement and to be reflected in rates in this proceeding TEP's original adjustment was accepted.
Customer Annualization	7,514,575	7,514,575	7,514,575	For purpose of settlement and to be reflected in rates in this proceeding TEP's original adjustment was accepted.
Weather Normalization	4,572,055	4,572,055	4,572,055	For purpose of settlement and to be reflected in rates in this proceeding TEP's original adjustment was accepted.
Short-Term Sales Exclusion (Staff C-10)	-	25,259,000	-	For Purpose of settlement the parties have agreed to prospectively reduce PPFAC eligible cost by 100% of actual wholesale short-term sales margins by crediting 100% of wholesale short-term sales revenues and expenses to the PPFAC account.
Wholesale Trading Activity (Staff C-11)	-	171,900	-	For purpose of settlement the parties have agreed to prospectively reduce PPFAC eligible cost by 10% of actual net positive wholesale trading activity margins. Under no circumstances will any losses on wholesale trading be borne by ratepayers.
Heavy Equipment - Operating Lease	197,342	197,342	197,342	For purpose of settlement and to be reflected in rates in this proceeding TEP's original adjustment was accepted.
Springerville Unit 1	(566,941)	(566,941)	(566,941)	For purpose of settlement and to be reflected in rates in this proceeding TEP's original adjustment was accepted.
Renewable Resources	(6,888,380)	(6,888,380)	(6,888,380)	For purpose of settlement and to be reflected in rates in this proceeding TEP's original adjustment was accepted.
Service Fees & Late Fees	1,308,077	1,308,077	2,469,342	For purpose of settlement and to be reflected in rates in this proceeding TEP's revised adjustment was accepted.
Lime Usage Costs	(598,676)	(598,676)	(598,676)	For purpose of settlement and to be reflected in rates in this proceeding TEP's original adjustment was accepted.
Tri-State Fuel Oil Sales	(7,262,954)	(7,262,954)	(7,262,954)	For purpose of settlement and to be reflected in rates in this proceeding TEP's original adjustment was accepted.
Building Usage Allocations	150,685	150,685	150,685	For purpose of settlement and to be reflected in rates in this proceeding TEP's original adjustment was accepted.
Springerville Unit 3	(3,084,442)	(3,084,442)	(3,084,442)	For purpose of settlement and to be reflected in rates in this proceeding TEP's original adjustment was accepted.
Total Adjustments to Operating Revenues	(94,577,690)	(69,146,790)	(93,416,425)	

TUCSON ELECTRIC POWER COMPANY
COMPARISON OF ADJUSTMENTS TO JURISDICTIONAL REVENUE REQUIREMENT
TEST YEAR ENDED DECEMBER 31, 2006

	Original Cost - ACC Jurisdictional		Direct		Settlement	Summary	
	As Filed	TEP	ACC	ACC			
	7/2/07	7/2/07	2/29/08	5/29/08			
Operating Expense Adjustments							
Implementation Cost Regulatory Asset (Staff C-20)	11,863,806		4,580,212		4,580,212		For purpose of settlement and to be reflected in rates in this proceeding Staff's original adjustment was accepted.
Stranded Costs & Fixed CTC	(49,408,684)		(49,408,684)		(49,408,684)		For purpose of settlement and to be reflected in rates in this proceeding TEP's original adjustment was accepted.
Customer Annualization	3,614,781		3,614,781		3,614,781		For purpose of settlement and to be reflected in rates in this proceeding TEP's original adjustment was accepted.
Weather Normalization	2,085,037		2,085,037		2,085,037		For purpose of settlement and to be reflected in rates in this proceeding TEP's original adjustment was accepted.
Unit Availability Normalization	6,973,411		6,973,411		6,973,411		For purpose of settlement and to be reflected in rates in this proceeding TEP's original adjustment was accepted.
Short-Term Sales Exclusion	(46,954,540)		(46,954,540)		(46,954,540)		See discussion under Revenue for Staff Adj C-10
Wholesale Trading Activity	(93,487,237)		(93,487,237)		(93,487,237)		See discussion under Revenue for Staff Adj C-11
Test Power Exclusion	(1,370,321)		(1,370,321)		(1,370,321)		For purpose of settlement and to be reflected in rates in this proceeding TEP's original adjustment was accepted.
Sundt Coal Contract	6,613,366		6,613,366		6,613,366		For purpose of settlement and to be reflected in rates in this proceeding TEP's original adjustment was accepted.
Navajo Coal Contract	2,489,864		2,489,864		2,489,864		For purpose of settlement and to be reflected in rates in this proceeding TEP's original adjustment was accepted.
San Juan Coal (Staff C-4)	8,852,453		-		-		For purpose of settlement and to be reflected in rates in this proceeding Staff's original adjustment was accepted.
PPFAC Adjustment (Staff C-19)	14,309,410		-		-		For purpose of settlement and to be reflected in rates in this proceeding Staff's original adjustment was accepted.
Gain on Sale of SO2 Allowances (Staff C-12)	6,348,930		(1,904,632)		6,348,930		For purpose of settlement and to be reflected in rates in this proceeding the parties have agreed to prospectively reduce retail PPFAC eligible cost by 50% of actual SO2 allowance margins.
Generating Facilities - Operating Lease	(18,720,148)		(18,720,148)		(18,720,148)		For purpose of settlement and to be reflected in rates in this proceeding TEP's original adjustment was accepted. (Springerville Unit 1 adjusted separately)
Heavy Equipment - Operating Lease	383,794		383,794		383,794		For purpose of settlement and to be reflected in rates in this proceeding TEP's original adjustment was accepted.
Railcar - Operating Lease	(832,554)		(832,554)		(832,554)		For purpose of settlement and to be reflected in rates in this proceeding TEP's original adjustment was accepted.
Springerville Unit 1	29,264,811		(15,100,033)		29,057,254		For purpose of settlement and to be reflected in rates the parties agree to adjustments that reflect cost based recovery of Springerville Unit 1 non-fuel cost.
Springerville Unit 1 Leasehold Improvements - Depreciation & Property Taxes	-		-		7,370,342		For purpose of settlement and to be reflected in rates the parties agree to adjustments that reflect recovery of Springerville Unit 1 leasehold improvements.
Springerville Unit 1 Delayed Plant - Depreciation & Property Tax	-		-		248,856		For purpose of settlement and to be reflected in rates in this proceeding TEP's adjustment was accepted.
Luna O&M (Staff C-2/C-3)	13,230,208		\$2,121,530		2,121,530		For purpose of settlement and to be reflected in rates in this proceeding Staff's original adjustment was accepted.

TUCSON ELI POWER COMPANY
COMPARISON OF ADJUSTMENTS TO JURISDICTIONAL REVENUE REQUIREMENT
TEST YEAR ENDED DECEMBER 31, 2006

COMPARISON OF ADJUSTMENTS TO JURISDICTIONAL REVENUE REQUIREMENT TEST YEAR ENDED DECEMBER 31, 2006						
			Original Cost - ACC Jurisdictional			
	As Filed TEP 7/2/07	Direct ACC 2/29/08		Settlement 5/29/08		Summary
Plant Overhaul & Outage Normalization	1,161,990	1,161,990		1,161,990		For purpose of settlement and to be reflected in rates in this proceeding TEP's original adjustment was accepted.
Renewable Resources	(4,320,436)	(4,320,436)		(4,320,436)		For purpose of settlement and to be reflected in rates in this proceeding TEP's original adjustment was accepted.
Payroll Expense	1,348,225	1,348,225		2,737,397		For purpose of settlement and to be reflected in rates in this proceeding TEP's revised adjustment was accepted.
Payroll Tax Expense	125,796	125,796		227,154		For purpose of settlement and to be reflected in rates in this proceeding TEP's revised adjustment was accepted.
Pension & Benefits	(871,913)	(871,913)		(871,913)		For purpose of settlement and to be reflected in rates in this proceeding TEP's original adjustment was accepted.
Post Retirement Medical	(58,438)	(58,438)		(58,438)		For purpose of settlement and to be reflected in rates in this proceeding TEP's original adjustment was accepted.
Incentive Compensation (Staff C-7)	(941,683)	(4,515,289)		(4,515,289)		For purpose of settlement and to be reflected in rates in this proceeding Staff's original adjustment was accepted.
Rate Case Expense	201,003	201,003		201,003		For purpose of settlement and to be reflected in rates in this proceeding TEP's original adjustment was accepted.
Membership Dues (Staff C-6)	(61,078)	(229,451)		(229,451)		For purpose of settlement and to be reflected in rates in this proceeding Staff's original adjustment was accepted.
Advertising & Sponsorship	(407,227)	(407,227)		(407,227)		For purpose of settlement and to be reflected in rates in this proceeding TEP's original adjustment was accepted.
Outside Services	(342,795)	(342,795)		(342,795)		For purpose of settlement and to be reflected in rates in this proceeding TEP's original adjustment was accepted.
CC&B Normalization (Staff C-16)	433,987	(372,694)		433,987		For purpose of settlement and to be reflected in rates in this proceeding TEP's original adjustment was accepted.
Out of Period Expenses	99,339	99,339		99,339		For purpose of settlement and to be reflected in rates in this proceeding TEP's original adjustment was accepted.
Lime Usage Costs	(869,018)	(869,018)		(869,018)		For purpose of settlement and to be reflected in rates in this proceeding TEP's original adjustment was accepted.
Tri-State Fuel Oil Sales	(6,796,486)	(6,796,486)		(6,796,486)		For purpose of settlement and to be reflected in rates in this proceeding TEP's original adjustment was accepted.
Bad Debt Expense (Staff C-5)	622,366	(115,164)		(115,164)		For purpose of settlement and to be reflected in rates in this proceeding Staff's original adjustment was accepted.
Capital Cost Allocations	1,454,963	1,454,963		1,454,963		For purpose of settlement and to be reflected in rates in this proceeding TEP's original adjustment was accepted.
Corporate Cost Allocations	(96,538)	(96,538)		(96,538)		For purpose of settlement and to be reflected in rates in this proceeding TEP's original adjustment was accepted.
SERP (Staff C-8)	-	(828,957)		(828,957)		For purpose of settlement and to be reflected in rates in this proceeding Staff's original adjustment was accepted.
Worker's Compensation (Staff C-9)	-	(323,907)		(323,907)		For purpose of settlement and to be reflected in rates in this proceeding Staff's original adjustment was accepted.
Legal Expense - Motion to Amend (Staff C-21)	-	(430,116)		(430,116)		For purpose of settlement and to be reflected in rates in this proceeding Staff's original adjustment was accepted.
Legal Expense - California Proceedings (Staff C-22)	-	(60,717)		(60,717)		For purpose of settlement and to be reflected in rates in this proceeding Staff's original adjustment was accepted.

TUCSON ELI POWER COMPANY
COMPARISON OF ADJUSTMENTS TO JURISDICTIONAL REVENUE REQUIREMENT
TEST YEAR ENDED DECEMBER 31, 2006

	As Filed TEP 7/2/07	Original Cost - ACC Jurisdictional Direct ACC 2/29/08	Settlement 5/29/08	Summary
Generation Depreciation Rates Adjustment (Staff C-15)	-	1,626,296	21,626,296	For purpose of settlement and to be reflected in rates the parties agree on an adjustment of generation depreciation rates for the inclusion of \$21.6 million (ACC Jurisdictional) in additional depreciation expense annually to recover cost of removal prospectively.
Markup Above Cost - Affiliate Charges SES (Staff C-17)	-	(\$211,514)	(211,514)	For purpose of settlement and to be reflected in rates in this proceeding Staff's original adjustment was accepted.
Normalize Affiliate Charges to TEP (Staff C-18)	-	(\$197,667)	(197,667)	For purpose of settlement and to be reflected in rates in this proceeding Staff's original adjustment was accepted.
Postage Expense (Staff C-23)	-	\$64,946	64,946	For purpose of settlement and to be reflected in rates in this proceeding Staff's original adjustment was accepted.
West Connect Charges in ICRA (Staff C-24)	-	(\$198,156)	(198,156)	For purpose of settlement and to be reflected in rates in this proceeding Staff's original adjustment was accepted.
OATT	84,094,549	\$84,094,549	84,094,549	For purpose of settlement and to be reflected in rates in this proceeding TEP's original adjustment was accepted.
Springerville Unit 2 Delayed Plant - Depreciation & Property Tax	-	-	248,856	For purpose of settlement and to be reflected in rates in this proceeding TEP's revised adjustment was accepted.
Depreciation & Amort Expense Annualization	(7,575,744)	(\$7,575,744)	(7,575,744)	For purpose of settlement and to be reflected in rates in this proceeding TEP's original adjustment was accepted.
Property Tax	(2,107,937)	(\$2,609,940)	(2,489,929)	For purpose of settlement and to be reflected in rates in this proceeding the parties agree to the calculation of property taxes synchronized with all settlement adjustments.
Income Taxes	(19,259,510)	\$31,264,971	(12,921,074)	For purpose of settlement and to be reflected in rates in this proceeding the parties agree to the calculation of income taxes synchronized with all settlement adjustments.
ACC Jurisdictional Allocation Computation Errors	-	(205,847)	-	For purpose of settlement and to be reflected in rates in this proceeding TEP's corrections to ACC jurisdictional allocations were accepted.
Total Adjustments to Operating Expense	(58,910,195)	(109,112,086)	(70,406,159)	
Total Net Adjustments	(35,667,495)	39,965,296	(23,010,266)	
Adjusted Operating Income	(13,173,312)	62,459,481	(516,083)	
Operating Income Deficiency	95,242,319	5,876,009	82,395,291	
Gross Revenue Conversion Factor	1.6609	1.6598	1.6598	
Increase in Gross Revenue Requirement Before TCRAC	158,185,903	9,753,000	136,758,018	
TCRAC	117,622,513	-	-	For purpose of settlement and to be reflected in rates in this proceeding Staff's original adjustment was accepted.
Recommended Increase in Base Rate Retail Revenues	\$ 275,808,416	\$ 9,753,000	\$ 136,758,018	
Test Year Adjusted Retail Revenues	691,451,429	691,451,429	691,451,429	
Total Retail Revenues "Proposed" Rates - before PPFAC, DSM & REST	\$ 967,259,845	\$ 701,204,429	\$ 828,209,447	
Test Year Adjusted Sales	9,318,849,104	9,318,849,104	9,318,849,104	
Average Retail Rate in Cents/kWh	10.38	7.52	8.89	

TUCSON ELECTRIC POWER COMPANY
SUMMARY PROOF OF REVENUE
TEST YEAR ENDED DECEMBER 31, 2006
PER SETTLEMENT - 6% OVERALL INCREASE

SUMMARY PAGE

	Residential	Commercial	Industrial	Public Authority	Lighting	Mines	TOTAL
Customers	357,254	34,743	14	35	26	2	392,074
kWhs	3,864,352,371	3,314,379,658	948,945,003	225,259,044	41,015,127	924,897,900	9,318,849,103
Current Revenues	\$347,836,625	\$308,402,277	\$58,805,533	\$16,053,066	\$4,450,206	\$45,544,537	\$781,092,244
Proposed Revenues	\$368,376,793	\$327,326,477	\$62,413,914	\$17,038,066	\$4,723,465	\$48,338,959	\$828,217,672

Percent Increase	5.9%	6.1%	6.1%	6.1%	6.1%	6.1%	6.0%
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Fuel & Purchased Power

CLASS	TOTAL SALES (kWh)	Revenue	Avg Rate per Class	As a Percent
Residential	3,864,352,371	116,817,321	0.030229	43%
Commercial	3,314,379,658	95,220,881	0.028730	35%
Industrial	948,945,003	26,200,236	0.027610	10%
Mining	924,897,900	23,741,602	0.025669	9%
Public Authority	225,259,044	6,237,791	0.027692	2%
Lighting	41,015,127	1,058,888	0.025817	0%
Total	9,318,849,103	269,276,718	0.028896	

TUCSON ELECTRIC POWER COMPANY
LIFE LINE BUNDLED PROOF OF REVENUE
TEST YEAR ENDED DECEMBER 31, 2006
PER SETTLEMENT - 6% OVERALL INCREASE

Line No.	Pricing Plan	Adjusted Billing Determinants	Existing Rates	Total Adjusted Revenue Requirement	Proposed Rate	Proposed Revenue
RESIDENTIAL - SENIOR LIFELINE FROZEN - R0401F						
1	Customers (Single-Phase)	34,147	\$4.90		\$4.90	\$167,320
2	<u>Summer</u>					
3	1st 500 kWhs	7,822,797	\$0.090921		\$0.090921	711,257
4	3,000 kWhs	5,366,439	\$0.090921		\$0.090921	487,922
	<u>Winter</u>					
5	1st 500 kWhs	5,308,943	\$0.078970		\$0.078970	419,247
6	3,000 kWhs	3,483,881	\$0.078970		\$0.078970	275,122
7	TOTAL REVENUE			\$2,060,872		2,060,868
8	TOTAL R-0104F	kWh 21,982,060				-\$4
9		Cust 2,846				
10	DISCOUNT					-\$478,817
RESIDENTIAL - SENIOR LIFELINE FROZEN - R0421F						
11	Customer Charge	76	\$6.86		\$6.86	\$521
12	Summer On Peak kWhs	14,396	\$0.125413		\$0.125413	\$1,805
13	Summer Off Peak kWhs	21,368	\$0.050165		\$0.050165	\$1,072
14	Winter On Peak kWhs	12,633	\$0.099018		\$0.099018	\$1,251
15	Winter Off Peak kWhs	41,013	\$0.050165		\$0.050165	\$2,057
16	TOTAL REVENUE			\$6,707		6,707
17						\$0
18	TOTAL R-0421F	kWh 89,410				
19		Cust 6				
20	DISCOUNT					-\$1,558
RESIDENTIAL - SENIOR LIFELINE FROZEN - R0470F						
21	Customers	122	\$6.78		\$6.78	\$827
22	Summer On Peak kWhs	12,367	\$0.184171		\$0.184171	\$2,278
23	Summer Off Peak kWhs	51,483	\$0.058160		\$0.058160	\$2,994
24	Summer Shoulder Peak kWhs	4,884	\$0.116318		\$0.116318	\$568
25	Winter On Peak kWhs	9,846	\$0.126011		\$0.126011	\$1,241
26	Winter Off Peak kWhs	34,940	\$0.043619		\$0.043619	\$1,524
27	TOTAL REVENUE			\$9,432		\$9,432
28						\$0
29	TOTAL R-0470F	kWh 113,520				
30		Cust 10				
31	DISCOUNT					-\$2,191
RESIDENTIAL - LIFELINE FROZEN - R0501F						
32	Customers (Single-Phase)	68,457	\$4.90		\$4.90	\$335,439
	<u>Summer</u>					
33	1st 500 kWhs	20,649,467	\$0.090921		\$0.090921	1,877,470
34	3,000 kWhs	14,165,535	\$0.090921		\$0.090921	1,287,945
	<u>Winter</u>					
35	1st 500 kWhs	14,013,765	\$0.078970		\$0.078970	1,106,667
36	3,000 kWhs	9,196,236	\$0.078970		\$0.078970	726,227
37	TOTAL REVENUE			\$5,333,758		5,333,748
38						-\$10
39	TOTAL R-0501F	kWh 58,025,003				
40		Cust 5,705				
41	DISCOUNT					-\$509,790

TUCSON ELECTRIC POWER COMPANY
LIFE LINE BUNDLED PROOF OF REVENUE
TEST YEAR ENDED DECEMBER 31, 2006
PER SETTLEMENT - 6% OVERALL INCREASE

Line No.	Pricing Plan	Adjusted Billing Determinants	Existing Rates	Total Adjusted Revenue Requirement	Proposed Rate	Proposed Revenue
RESIDENTIAL - LIFELINE FROZEN -R0521F						
1	Customer Charge	209	\$6.86		\$6.86	\$1,434
2	Summer On Peak kWhs	50,261	\$0.125413		\$0.125413	\$6,303
3	Summer Off Peak kWhs	74,606	\$0.050165		\$0.050165	\$3,743
4	Winter On Peak kWhs	20,718	\$0.099018		\$0.099018	\$2,051
5	Winter Off Peak kWhs	67,265	\$0.050165		\$0.050165	\$3,374
6	TOTAL REVENUE			\$16,906		16,906
7						\$0
8	TOTAL R-0521F	kWh 212,850				
8		Cust 17				
10	DISCOUNT					-\$1,616
RESIDENTIAL - LIFELINE FROZEN -R0570F						
11	Customers	593	\$6.78		\$6.78	\$4,021
12	Summer On Peak kWhs	62,455	\$0.184171		\$0.184171	\$11,502
13	Summer Off Peak kWhs	259,993	\$0.058160		\$0.058160	\$15,121
14	Summer Shoulder Peak kWhs	24,664	\$0.116318		\$0.116318	\$2,869
15	Winter On Peak kWhs	49,723	\$0.126011		\$0.126011	\$6,266
16	Winter Off Peak kWhs	176,452	\$0.043619		\$0.043619	\$7,697
17	TOTAL REVENUE			\$47,475		\$47,475
18						\$0
19	TOTAL R-0570F	kWh 573,287				
20		Cust 49				
21	DISCOUNT					-\$4,538
RESIDENTIAL - LIFELINE FROZEN -R05201AF						
22	Customers (Single-Phase)	159	\$4.90		\$4.90	\$779
23	Mid-Summer kWhs	71,979	\$0.090920		\$0.090920	6,544
24	Remaining Summer kWhs	54,657	\$0.074191		\$0.074191	4,055
25	Winter kWhs	92,033	\$0.064440		\$0.064440	5,931
26	TOTAL REVENUE			\$17,309		\$17,309
27						\$0
28	TOTAL R-05201AF	kWh 218,670				
29		Cust 13				
30	DISCOUNT					-\$1,654
RESIDENTIAL - LIFELINE FROZEN -R05201BF						
31	Customers	26	\$6.78		\$6.78	\$176
32	Mid-Summer On Peak kWhs	1,890	\$0.184171		\$0.184171	\$348
33	Mid-Summer Off Peak kWhs	7,659	\$0.058160		\$0.058160	\$445
34	Mid-Summer Shoulder Peak kWhs	777	\$0.116318		\$0.116318	\$90
35	Remaining Summer On Peak kWhs	1,199	\$0.146415		\$0.146415	\$176
36	Remaining Summer Off Peak kWhs	4,878	\$0.046236		\$0.046236	\$226
37	Remaining Summer Shoulder Peak kWhs	456	\$0.092473		\$0.092473	\$42
38	Winter On Peak kWhs	3,499	\$0.100179		\$0.100179	\$351
39	Winter Off Peak kWhs	11,142	\$0.034673		\$0.034673	\$386
40	TOTAL REVENUE			\$2,240		\$2,240
41						\$0
42	TOTAL R-05201BF	kWh 31,500				
43		Cust 2				
44	DISCOUNT					-\$214

TUCSON ELECTRIC POWER COMPANY
LIFE LINE BUNDLED PROOF OF REVENUE
TEST YEAR ENDED DECEMBER 31, 2006
PER SETTLEMENT - 6% OVERALL INCREASE

Line No.	Pricing Plan	Adjusted Booked Billing Determinants	Existing Rates	Total Adjusted Revenue Requirement	Proposed Rate	Proposed Revenue
RESIDENTIAL - LIFELINE (\$8 DISCOUNT -R0601F (FROZEN)						
1	Customers (Single-Phase)	92,342	\$4.90		\$4.90	\$452,476
	Summer					
2	1st 500 kWhs	25,447,243	\$0.090921		\$0.090921	2,313,689
3	3,000 kWhs	17,456,808	\$0.090921		\$0.090921	1,587,190
	Winter					
4	1st 500 kWhs	17,269,776	\$0.078970		\$0.078970	1,363,794
5	3,000 kWhs	11,332,924	\$0.078970		\$0.078970	894,961
6	TOTAL REVENUE			\$6,612,123		\$6,612,110
7						-\$13
8	TOTAL R-0601F	kWh 71,506,752				
9		Cust 7,695				
10	DISCOUNT					-\$760,937
RESIDENTIAL - LIFELINE (\$8 DISCOUNT -R0621F)						
11	Customer Charge	277	\$6.86		\$6.86	\$1,900
12	Summer On Peak kWhs	81,686	\$0.125413		\$0.125413	\$10,244
13	Summer Off Peak kWhs	121,253	\$0.050165		\$0.050165	\$6,083
14	Winter On Peak kWhs	33,672	\$0.099018		\$0.099018	\$3,334
15	Winter Off Peak kWhs	109,322	\$0.050165		\$0.050165	\$5,484
16	TOTAL REVENUE			\$27,046		\$27,046
17						\$0
18	TOTAL R-0621F	kWh 345,933				
19		Cust 23				
20	DISCOUNT					-\$3,112
RESIDENTIAL - LIFELINE (\$8 DISCOUNT - R0670F)						
21	Customers	666	\$6.78		\$6.78	\$4,515
22	Summer On Peak kWhs	68,711	\$0.184171		\$0.184171	\$12,655
23	Summer Off Peak kWhs	286,037	\$0.058160		\$0.058160	\$16,636
24	Summer Shoulder Peak kWhs	27,135	\$0.116318		\$0.116318	\$3,156
25	Winter On Peak kWhs	54,704	\$0.126011		\$0.126011	\$6,893
26	Winter Off Peak kWhs	194,127	\$0.043619		\$0.043619	\$8,468
27	TOTAL REVENUE			\$52,323		\$52,323
28						\$0
29	TOTAL R-0670F	kWh 630,714				
30		Cust 56				
31	DISCOUNT					-\$6,021
RESIDENTIAL - LIFELINE (\$8 DISCOUNT - R06201AF)						
32	Customers (Single-Phase)	513	\$4.90		\$4.90	\$2,514
33	Mid-Summer kWhs	197,796	\$0.090920		\$0.090920	17,984
34	Remaining Summer kWhs	150,197	\$0.074191		\$0.074191	11,143
35	Winter kWhs	252,904	\$0.064440		\$0.064440	16,297
36	TOTAL REVENUE			\$47,938		\$47,938
37						\$0
38	TOTAL R-06201AF	kWh 600,897				
39		Cust 43				
40	DISCOUNT					-\$5,517

TUCSON ELECTRIC POWER COMPANY
LIFE LINE BUNDLED PROOF OF REVENUE
TEST YEAR ENDED DECEMBER 31, 2006
PER SETTLEMENT - 6% OVERALL INCREASE

Line No.	Pricing Plan	Adjusted Billing Determinants	Existing Rates	Total Adjusted Revenue Requirement	Proposed Rate	Proposed Revenue
RESIDENTIAL - LIFELINE (\$8 DISCOUNT - R06201BF)						
1	Customers	12	\$6.78		\$6.78	\$81
2	Mid-Summer On Peak kWhs	992	\$0.184171		\$0.184171	\$183
3	Mid-Summer Off Peak kWhs	4,019	\$0.058160		\$0.058160	\$234
4	Mid-Summer Shoulder Peak kWhs	408	\$0.116318		\$0.116318	\$47
5	Remaining Summer On Peak kWhs	629	\$0.146415		\$0.146415	\$92
6	Remaining Summer Off Peak kWhs	2,560	\$0.046236		\$0.046236	\$118
7	Remaining Summer Shoulder Peak kWhs	240	\$0.092473		\$0.092473	\$22
8	Winter On Peak kWhs	1,836	\$0.100179		\$0.100179	\$184
9	Winter Off Peak kWhs	5,847	\$0.034673		\$0.034673	\$203
10	TOTAL REVENUE			\$1,164		\$1,164
11						\$0
12	TOTAL R-06201BF	kWh	16,530			
13		Cust	1			
14	DISCOUNT					-\$134
RESIDENTIAL - LIFELINE MEDICAL LIFE SUPPORT -R0801F (FROZEN)						
15	Customers (Single-Phase)	8,506	\$4.90		\$4.90	\$41,679
<u>Summer</u>						
16	1st 500 kWhs	3,233,238	\$0.090921		\$0.090921	293,969
17	3,000 kWhs	2,218,001	\$0.090921		\$0.090921	201,663
<u>Winter</u>						
18	1st 500 kWhs	2,194,237	\$0.078970		\$0.078970	173,279
19	3,000 kWhs	1,439,922	\$0.078970		\$0.078970	113,711
20	TOTAL REVENUE			\$824,303		\$824,301
21						-\$2
22	TOTAL R-0801F	kWh	9,085,398			
23		Cust	709			
24	DISCOUNT					-\$226,572
RESIDENTIAL - LIFELINE MEDICAL LIFE SUPPORT -R0821F (FROZEN)						
25	Customer Charge	67	\$6.86		\$6.86	\$460
26	Summer On Peak kWhs	16,761	\$0.125413		\$0.125413	\$2,102
27	Summer Off Peak kWhs	24,879	\$0.050165		\$0.050165	\$1,248
28	Winter On Peak kWhs	6,909	\$0.099018		\$0.099018	\$684
29	Winter Off Peak kWhs	22,431	\$0.050165		\$0.050165	\$1,125
30	TOTAL REVENUE			\$5,619		\$5,619
31						\$0
32	TOTAL R-0821F	kWh	70,980			
33		Cust	6			
34	DISCOUNT					-\$1,544
RESIDENTIAL - LIFELINE MEDICAL LIFE SUPPORT -R0870F (FROZEN)						
35	Customers	141	\$6.78		\$6.78	\$956
36	Summer On Peak kWhs	17,036	\$0.184171		\$0.184171	\$3,138
37	Summer Off Peak kWhs	70,919	\$0.058160		\$0.058160	\$4,125
38	Summer Shoulder Peak kWhs	6,728	\$0.116318		\$0.116318	\$783
39	Winter On Peak kWhs	13,563	\$0.126011		\$0.126011	\$1,709
40	Winter Off Peak kWhs	48,131	\$0.043619		\$0.043619	\$2,099
41	TOTAL REVENUE			\$12,809		\$12,809
42						\$0
43	TOTAL R-0870F	kWh	156,378			
44		Cust	12			
45	DISCOUNT					-\$3,521

TUCSON ELECTRIC POWER COMPANY
LIFE LINE BUNDLED PROOF OF REVENUE
TEST YEAR ENDED DECEMBER 31, 2006
PER SETTLEMENT - 6% OVERALL INCREASE

Line No.	Pricing Plan	Adjusted Booked Billing Determinants	Existing Rates	Total Adjusted Revenue Requirement	Proposed Rate	Proposed Revenue
RESIDENTIAL - LIFELINE MEDICAL LIFE SUPPORT -R08201AF (FROZEN)						
1	Customers (Single-Phase)	18	\$4.90		\$4.90	\$88
2	Mid-Summer kWhs	4,677	\$0.090920		\$0.090920	425
3	Remaining Summer kWhs	3,552	\$0.074191		\$0.074191	264
4	Winter kWhs	5,981	\$0.064440		\$0.064440	385
5	TOTAL REVENUE			\$1,162		\$1,162
6						\$0
7	TOTAL R-08201AF	kWh 14,210				
8		Cust 2				
9	DISCOUNT					-\$320
RESIDENTIAL - LIFELINE SUMMARY						
		CUSTOMERS	kWh		DISCOUNT	Revenue
1	LIFE LINE R01	203,452	160,599,213.00	\$14,831,056	(1,976,117)	\$12,854,940
2	LIFE LINE R21	629	719,173.00	\$56,277	(7,831)	\$48,446
3	LIFE LINE R70	1,522	1,473,899.00	\$122,040	(16,271)	\$105,768
4	LIFE LINE R201A	690	833,777.00	\$66,409	(7,491)	\$58,919
5	LIFE LINE R201B	38	48,030.00	\$3,405	(348)	\$3,057
6	Annual Totals	206,331	163,674,092	\$15,079,187	(2,008,058)	\$13,071,130
7	Average Monthly Lifeline Customers	17,194				
8	TOTAL ANNUAL DISCOUNT			(2,008,058)		2,008,058
9	TOTAL REVENUE INCLUDING DISCOUNT			\$13,071,130		\$15,079,187

TUCSON ELECTRIC POWER COMPANY
RESIDENTIAL BUNDLED PROOF OF REVENUE
TEST YEAR ENDED DECEMBER 31, 2006
PER SETTLEMENT - 6% OVERALL INCREASE

Line No.	Pricing Plan	Adjusted Booked Billing Determinants	Existing Rates	Total Adjusted Revenue Requirement	Proposed Rate	Proposed Revenue
RESIDENTIAL- R01N						
1	Customers (Single-Phase)	3,899,485	\$4.90		\$7.00	\$27,296,392
2	Customer (Three-Phase)	3,804	\$12.26		\$13.00	49,452
Summer						
3	1st 500 kWhs	845,371,595	\$0.090921		\$0.046925	39,669,062
4	3,000 kWhs	1,263,575,096	\$0.090921		\$0.068960	87,136,139
5	3,501 kWhs and above	37,355,185	\$0.090921		\$0.088960	3,323,117
Winter						
6	1st 500 kWhs	794,100,459	\$0.078970		\$0.047309	37,568,099
7	3,000 kWhs	533,236,566	\$0.078970		\$0.067309	35,891,620
8	3,501 kWhs and above	6,420,049	\$0.078970		\$0.087309	560,528
9	Revenue Delivery Charges			\$231,494,079		\$231,494,408
Fuel & Purchased Power						
10	Summer	2,146,301,876		71,252,930	\$0.033198	71,252,930
11	Winter	1,333,757,074		34,274,889	\$0.025698	34,274,889
12	TOTAL REVENUE			\$337,021,898		\$337,022,227
						\$329
13	TOTAL R-01 -	kWh	3,480,058,950			
14		Cust	325,274			
RESIDENTIAL WATER HEATING - R-02 (FROZEN)						
15	Customers	28,728	\$0.00		0	\$0
16	First 100 kWh Charge	2,472,456	\$7.85		\$5.10	\$146,513
17	Delivery, additional kWhs	2,788,089	\$0.054358		\$0.000000	0
18	Delivery, additional kWhs	5,260,545			0.01729800	\$90,997
19	Revenue Delivery Charges			\$237,546		\$237,510
20	Fuel & Purchased Power	5,260,545		154,913	\$0.029448	154,913
21	TOTAL REVENUE			\$392,458	\$0.029448	\$392,422
						-\$36
22	TOTAL R-02	kWh	5,260,545			
23		Cust				
RESIDENTIAL TIME OF USE - R-21 (FROZEN)						
24	Customer Charge	33,883	\$6.86		\$7.00	\$237,181
25	Summer On Peak kWhs	12,261,237	\$0.125413		\$0.101271	1,241,708
26	Summer Off Peak kWhs	18,200,250	\$0.050165		\$0.021508	391,451
27	Winter On Peak kWhs	5,047,599	\$0.099018		\$0.073292	369,949
28	Winter Off Peak kWhs	16,387,663	\$0.050165		\$0.021508	352,466
29	Revenue Delivery Charges			\$2,592,736		\$2,592,754
Fuel & Purchased Power						
30	Summer On Peak	12,261,237		652,273	\$0.053198	652,273
31	Summer Off Peak	18,200,250		422,209	\$0.023198	422,209
32	Winter On Peak	5,047,599		205,427	\$0.040698	205,427
33	Winter Off Peak	16,387,663		339,192	\$0.020698	339,192
34	TOTAL REVENUE			\$4,211,838		\$4,211,856
						\$18
35	TOTAL R-21	kWh	51,896,749			
36		Cust	2,824			

TUCSON ELECTRIC POWER COMPANY
RESIDENTIAL BUNDLED PROOF OF REVENUE
TEST YEAR ENDED DECEMBER 31, 2006
PER SETTLEMENT - 6% OVERALL INCREASE

Line No.	Pricing Plan	Adjusted Booked Billing Determinants	Existing Rates	Total Adjusted Revenue Requirement	Proposed Rate	Proposed Revenue
RESIDENTIAL TIME OF USE - R70F (FROZEN)						
1	Customers	49,226	\$6.78		\$7.00	\$344,582
2	Summer On Peak kWhs	6,828,127	\$0.184171		\$0.174747	1,193,195
3	Summer Off Peak kWhs	28,424,608	\$0.058160		\$0.041176	1,170,412
4	Summer Shoulder Peak kWhs	2,696,519	\$0.116318		\$0.102823	277,264
5	Winter On Peak kWhs	5,436,116	\$0.126011		\$0.025762	140,045
6	Winter Off Peak kWhs	19,291,152	\$0.043619		\$0.023098	445,587
7	Revenue Delivery Charges			\$3,571,056		\$3,571,085
Fuel & Purchased Power						
8	Summer On Peak	6,828,127		380,313	\$0.055698	380,313
9	Summer Off Peak	28,424,608		659,394	\$0.023198	659,394
10	Summer Shoulder Peak	2,696,519		129,967	\$0.048198	129,967
11	Winter On Peak	5,436,116		221,239	\$0.040698	221,239
12	Winter Off Peak	19,291,152		399,288	\$0.020698	399,288
13	TOTAL REVENUE			\$5,361,257		\$5,361,286
14						\$29
15	TOTAL R-70	kWh 62,676,522				
16		Cust 4,102				
SPECIAL RESIDENTIAL ELECTRIC SERVICE - R-201AF (FROZEN)						
17	Customers (Single-Phase)	85,448	\$4.90		\$7.00	\$598,139
18	Mid-Summer kWhs	29,875,657	\$0.090920		\$0.066139	1,975,946
19	Remaining Summer kWhs	22,686,070	\$0.074191		\$0.044138	1,001,318
20	Winter kWhs	38,199,266	\$0.064440		\$0.033803	1,291,250
21	Revenue Delivery Charges			\$4,866,641		\$4,866,653
Fuel & Purchased Power						
22	Mid and Remaining Summer	52,561,727		1,744,944	\$0.033198	1,744,944
23	Winter	38,199,266		981,645	\$0.025698	981,645
24	TOTAL REVENUE			\$7,593,230		\$7,593,242
25						\$12
26	TOTAL R-201A	kWh 90,760,993				
27		Cust 7,121				
28						
SPECIAL RESIDENTIAL ELECTRIC SERVICE TIME OF USE - R-201BF (FROZEN)						
29	Customers	6,315	\$6.78		\$7.00	\$44,208
30	Mid-Summer On Peak kWhs	452,323	\$0.184171		\$0.166303	\$75,223
31	Mid-Summer Off Peak kWhs	1,833,284	\$0.058160		\$0.031395	\$57,556
32	Mid-Summer Shoulder Peak kWhs	166,047	\$0.116318		\$0.093043	\$17,310
33	Remaining Summer On Peak kWhs	287,033	\$0.146415		\$0.124945	\$35,863
34	Remaining Summer Off Peak kWhs	1,167,626	\$0.046236		\$0.018756	\$21,900
35	Remaining Summer Shoulder Peak kWhs	109,262	\$0.092473		\$0.067767	\$7,404
36	Winter On Peak kWhs	837,667	\$0.100179		\$0.075935	\$63,608
37	Winter Off Peak kWhs	2,667,167	\$0.034673		\$0.006499	\$17,334
38	Revenue Delivery Charges			\$340,403		\$340,407
Fuel & Purchased Power						
39	Mid and Remaining On Peak	739,356		41,181	\$0.055698	41,181
40	Mid and Remaining Off Peak	3,000,910		69,615	\$0.023198	69,615
41	Mid and Remaining Summer Shoulder Peak	295,309		14,233	\$0.048198	14,233
42	Winter On Peak	837,667		34,091	\$0.040698	34,091
43	Winter Off Peak	2,667,167		55,205	\$0.020698	55,205
44	TOTAL REVENUE			\$554,729		\$554,732
45						\$3
46	TOTAL R-201B	kWh 7,540,408				
47		Cust 526				

TUCSON ELECTRIC POWER COMPANY
RESIDENTIAL BUNDLED PROOF OF REVENUE
TEST YEAR ENDED DECEMBER 31, 2006
PER SETTLEMENT - 6% OVERALL INCREASE

Line No.	Pricing Plan	Adjusted Billing Determinants	Booked Existing Rates	Total Adjusted Revenue Requirement	Proposed Rate	Proposed Revenue
	SPECIAL RESIDENTIAL ELECTRIC SERVICE TIME OF USE - R-201C (FROZEN)					
1	Customers	2,560	\$6.78		\$7.00	\$17,921
2	Mid-Summer On Peak kWhs	134,707	\$0.184171		\$0.161981	\$21,820
3	Mid-Summer Off Peak kWhs	594,771	\$0.058160		\$0.028409	\$16,897
4	Mid-Summer Shoulder Peak kWhs	60,391	\$0.116318		\$0.090057	\$5,439
5	Remaining Summer On Peak kWhs	95,071	\$0.137207		\$0.112200	\$10,667
6	Remaining Summer Off Peak kWhs	446,067	\$0.043328		\$0.012688	\$5,660
7	Remaining Summer Shoulder Peak kWhs	44,054	\$0.086658		\$0.058618	\$2,582
8	Winter On Peak kWhs	266,218	\$0.093879		\$0.066272	\$17,643
9	Winter Off Peak kWhs	842,833	\$0.032491		\$0.001201	\$1,012
10	Revenue Delivery Charges			\$99,638		\$99,640
	Fuel & Purchased Power					
11	Mid-Summer On Peak	229,778		12,798	\$0.055698	12,798
12	Mid-Summer Off Peak	1,040,837		24,145	\$0.023198	24,145
13	Mid-Summer Shoulder Peak	104,445		5,034	\$0.048198	5,034
14	Winter On Peak	266,218		10,835	\$0.040698	10,835
15	Winter Off Peak	842,833		17,445	\$0.020698	17,445
16	TOTAL REVENUE			<u>\$169,895</u>		<u>\$169,897</u>
17						\$2
18	TOTAL R-201C	kWh	2,484,111			
19		Cust	213			
RESIDENTIAL SUMMARY						
20	TOTAL RESIDENTIAL REVENUE			<u>\$368,376,435</u>		<u>\$368,376,793</u>
21	TOTAL RESIDENTIAL KWHS		3,864,352,371			
22	TOTAL RESIDENTIAL CUSTOMERS		357,254			\$357

TUCSON ELECTRIC POWER COMPANY
GENERAL SERVICE BUNDLED PROOF OF REVENUE
TEST YEAR ENDED DECEMBER 31, 2006
PER SETTLEMENT - 6% OVERALL INCREASE

Line No.	Pricing Plan	Adjusted Booked Billing Determinants	Existing Rates	Total Adjusted Revenue Requirement	Proposed Rate	Proposed Revenue
SMALL GENERAL SERVICE - GS-10						
1	Customers (Single-Phase)	200,229	\$5.88		\$8.00	\$1,601,834
2	Customer (Three-Phase)	192,377	\$13.24		\$14.00	\$2,693,280
3	Energy First 3400 kWh per month	287,747,871	\$0.113695			
	<u>Summer</u>					
4	1st 500 kWhs	80,994,098	\$0.100343		\$0.056236	\$4,554,784
5	all remaining kWhs	942,438,232	\$0.100343		\$0.085145	\$80,243,903
	<u>Winter</u>					
7	1st 500 kWhs	78,781,616	\$0.093772		\$0.051252	\$4,037,715
8	all remaining kWhs	661,228,028	\$0.093772		\$0.080145	\$52,994,120
9	Revenue Delivery Charges			\$146,125,228		\$146,125,638
	<u>Fuel & Purchased Power</u>					
10	Summer	1,023,432,330		32,289,290	\$0.031550	32,289,290
11	Winter	740,009,644		17,924,514	\$0.024222	17,924,514
12	TOTAL REVENUE			\$196,339,032		\$196,339,441
13						\$409
14	TOTAL GS-10	kWh 1,763,441,974				
15		Cust 32,717				
SMALL GENERAL SERVICE - PRS-10 - CONTRACT						
16	Revenue Delivery Charges			\$23,154		\$23,154
17	Fuel & Purchased Power	211,780		6,084	0.028730	6,084
18						
19	TOTAL REVENUE			\$29,238		\$29,239
20						\$0
21	TOTAL PRS-10	kWh 211,780				
22		Cust 1				
GENERAL SERVICE MOBILE HOME PARKS GS-11 (FROZEN)						
23	Customers (Single-Phase)	3,948	\$5.88		\$8.00	\$31,584
24	Customer (Three-Phase)	336	\$13.24		\$14.00	4,704
25	Energy Summer	33,529,195	\$0.090921		\$0.067290	2,256,180
26	Energy Winter	26,803,344	\$0.079870		\$0.052751	1,413,903
27	Revenue Delivery Charges			\$3,705,988		\$3,706,371
28						
29	Fuel & Purchased Power	60,332,539		1,733,354	\$0.0287300	1,733,354
30	1st 100 kWhs	28,728		\$5,439,342		\$5,439,725
31						\$383
32	TOTAL GS-11	kWh 60,332,539				
33		Cust 357				

TUCSON ELECTRIC POWER COMPANY
GENERAL SERVICE BUNDLED PROOF OF REVENUE
TEST YEAR ENDED DECEMBER 31, 2006
PER SETTLEMENT - 6% OVERALL INCREASE

Line No.	Pricing Plan	Adjusted Booked Billing Determinants	Existing Rates	Total Adjusted Revenue Requirement	Proposed Rate	Proposed Revenue
GENERAL SERVICE TIME OF USE - GS-76 - (FROZEN)						
1	Customers (Single-Phase)	4,203	\$6.78		\$8.00	\$33,627
2	Customer (Three-Phase)	7,473	\$14.14		\$14.00	104,617
3	Summer On-Peak	11,986,862	\$0.222943		\$0.207220	2,483,918
4	Summer Off-Peak	59,438,241	\$0.067853		\$0.042825	2,545,443
5	Summer Shoulder Peak	4,224,622	\$0.140551		\$0.119884	506,465
6	Winter On Peak	13,067,365	\$0.150244		\$0.130159	1,700,835
7	Winter Off Peak	48,010,642	\$0.053312		\$0.027411	1,316,020
9	Revenue Delivery Charges			\$8,690,880		\$8,690,923
	<u>Fuel & Purchased Power</u>	136,727,732				
10	Summer On-Peak	16,211,484		909,837	\$0.056123	909,837
11	Summer Off-Peak	59,438,241		1,404,110	\$0.023623	1,404,110
12	Winter On Peak	13,067,365		507,131	\$0.038809	507,131
13	Winter Off Peak	48,010,642		903,032	\$0.018809	903,032
14	TOTAL REVENUE			\$12,414,990		\$12,415,034
15						\$43
16	TOTAL GS-76	kWh 136,727,732				
17		Cust 973				
INTERRUPTIBLE AGRICULTURAL PUMPING GS-31						
18	Summer - all kWhs	11,457,973	\$0.051500		\$0.025700	\$294,470
19	Winter - all kWhs	4,738,919	\$0.050208		\$0.024205	\$114,706
20	Revenue Delivery Charges			\$408,574		\$409,175
21						
22	<u>Fuel & Purchased Power</u>	16,196,892		465,337	\$0.028730	465,337
23	TOTAL REVENUE			\$873,911		\$874,512
24						\$601
25	TOTAL GS-31	kWh 16,196,892				
26		Cust 42				
LARGE GENERAL SERVICE - GS-13						
27	Customer Charge	7,200	\$1,675.88		371.880	\$2,677,536
28	Summer Demand	720,000	\$0.00		10.352	\$7,453,440
29	Winter Demand	720,000	\$0.00		10.352	\$7,453,440
30	Summer Demand All Additional kW	916,524	\$6.52		10.352	\$9,487,856
31	Winter Demand All Additional kW	916,524	\$6.52		10.352	\$9,487,856
32	Summer kWhs	693,084,147	\$0.063744		0.025656	\$17,781,767
33	Winter kWhs	511,143,990	\$0.060556		0.023910	\$12,221,453
34	Revenue Delivery Charges			\$66,562,476		\$66,563,349
	<u>Fuel & Purchased Power</u>		1,636,524			
35	Summer	693,084,147	1,636,524	22,562,661	0.032554	22,562,661
36	Winter	511,143,990		12,806,202	0.025054	12,806,202
37	TOTAL REVENUE			\$101,931,338		\$101,932,211
38						\$873
39	TOTAL GS-13	kWh 1,204,228,137				
40		Cust 600				
PRS-13 - CONTRACT						
41	Revenue Delivery Charges			\$577,959		\$577,959
42	Fuel & Purchased Power	4,759,193		136,732	0.028730	136,732
43	TOTAL REVENUE			\$714,690		\$714,690
44						\$0
45	TOTAL PRS-13	kWh 4,759,193				
46		Cust 2				

TUCSON ELECTRIC POWER COMPANY
GENERAL SERVICE BUNDLED PROOF OF REVENUE
TEST YEAR ENDED DECEMBER 31, 2006
PER SETTLEMENT - 6% OVERALL INCREASE

Line No.	Pricing Plan	Adjusted Booked Billing Determinants	Existing Rates	Total Adjusted Revenue Requirement	Proposed Rate	Proposed Revenue
LARGE GENERAL SERVICE TIME OF USE - GS-85AF - FROZEN						
1	Customers	372	\$98.01		371.880	\$138,339
2	Summer On-peak Demand	36,000	\$7.50		7.950	\$286,200
3	Summer Off-peak Demand				3.975	
4	Summer Shoulder-peak Demand				5.258	
5	Winter On-peak Demand	36,000	\$4.96		5.258	\$189,274
6	Winter Off-peak Demand				2.629	
7	Summer Demand All Additional kW	21,140	\$7.50		7.950	\$168,066
8	Winter Demand All Additional kW	11,970	\$4.96		5.258	\$62,940
<u>Summer</u>						
9	On Peak kWhs	6,151,695	\$0.069587		0.053290	\$327,824
10	Off Peak kWhs	29,592,895	\$0.061746		0.036667	\$1,085,083
11	Shoulder Peak kWhs	2,126,538	\$0.065667		0.044980	\$95,652
<u>Winter</u>						
12	On Peak kWhs	5,802,304	\$0.065667		0.044980	\$260,988
13	Off Peak kWhs	22,212,312	\$0.057826		0.028356	\$629,852
14	Revenue Delivery Charges			\$3,244,455		\$3,244,217
<u>Fuel & Purchased Power</u>						
15	Summer On Peak kWhs	8,278,232		467,323	0.056452	467,323
16	Summer Off Peak kWhs	29,592,895		708,809	0.023952	708,809
17	Winter On Peak kWhs	5,802,304		228,268	0.039341	228,268
18	Winter Off Peak kWhs	22,212,312		429,608	0.019341	429,608
19	TOTAL REVENUE			\$5,078,464		\$5,078,225
20						-\$239
21	TOTAL GS-85A	kWh 65,885,743				
22		Cust 31				
LARGE GENERAL SERVICE TIME OF USE FROZEN - GS-85F - FROZEN						
23	Customers	240	\$94.60		\$371.880	\$89,251
24	Summer On-peak Demand	24,000	\$16.34		\$17.320	\$415,680
25	Summer Off-peak Demand				\$8.660	
26	Summer Shoulder-peak Demand				\$11.455	
27	Winter On-peak Demand	24,000	\$9.10		\$9.646	\$231,504
28	Winter Off-peak Demand				\$4.823	
29	Summer Demand All Additional kW	36,047	\$16.34		\$17.320	\$624,348
30	Winter Demand All Additional kW	23,889	\$9.10		\$9.646	\$230,433
<u>Summer</u>						
31	On Peak kWhs	5,748,531	\$0.104973		\$0.083765	\$481,526
32	Off Peak kWhs	27,935,990	\$0.031320		\$0.005693	\$159,040
33	Shoulder Peak kWhs	1,956,514	\$0.076808		\$0.053910	\$105,476
<u>Winter</u>						
34	On Peak kWhs	5,677,051	\$0.076808		\$0.053910	\$306,050
35	Off Peak kWhs	21,277,580	\$0.031320		\$0.005693	\$121,133
36	Revenue Delivery Charges			\$2,764,585		\$2,764,441
<u>Fuel & Purchased Power</u>						
37	Summer On Peak kWhs	7,705,045		434,965	\$0.056452	434,965
38	Summer Off Peak kWhs	27,935,990		669,123	\$0.023952	669,123
39	Winter On Peak kWhs	5,677,051		223,341	\$0.039341	223,341
40	Winter Off Peak kWhs	21,277,580		411,530	\$0.019341	411,530
41	TOTAL REVENUE			\$4,503,544		\$4,503,400
42						-\$144
43	TOTAL GS-85F	kWh 62,595,666			0.140150	
44		Cust 20				
TOTAL GENERAL SERVICE REVENUE				\$327,324,550		\$327,326,477
TOTAL GENERAL SERVICE KWHs		3,314,379,658				
TOTAL GENERAL SERVICE CUSTOMERS		34,743				

TUCSON ELECTRIC POWER COMPANY
LARGE LIGHT & POWER SERVICE BUNDLED PROOF OF REVENUE
TEST YEAR ENDED DECEMBER 31, 2006
PER SETTLEMENT - 6% OVERALL INCREASE

Line No.	Pricing Plan	Adjusted Booked Billing Determinants	Existing Rates	Total Adjusted Revenue Requirement	Proposed Rate	Proposed Revenue
LARGE LIGHT AND POWER - LLP-14 -						
1	Customer Charge	96	0.00		500.00	\$48,000
2	Demand	600,844	\$9.97		19.024	\$11,430,456
3	Demand	523,378	\$9.97		19.024	\$9,956,737
4	Summer kWhs	330,927,434	\$0.046001		0.00043300	\$143,292
5	Winter kWhs	283,169,858	\$0.043701		0.00043300	\$122,613
6	Revenue Delivery Charges			\$21,701,502		\$21,701,098
Fuel & Purchased Power						
7	Summer	330,927,434		10,780,623	0.03257700	10,780,623
8	Winter	283,169,858		7,101,051	0.02507700	7,101,051
9	TOTAL REVENUE			\$39,583,175		\$39,582,771
10						-\$404
11	TOTAL LLP-14	kWh 614,097,291				
12		Cust 8				
PRS-14 - CONTRACT						
13	Revenue Delivery Charges			\$5,297,811		\$5,297,811
14	Fuel & Purchased Power	93,605,189		2,584,439	0.027610	2,584,439
15	TOTAL REVENUE			\$7,882,251		\$7,882,251
16						\$0
17	TOTAL PRS-14	kWh 93,605,189				
18		Cust 1				

TUCSON ELECTRIC POWER COMPANY
LARGE LIGHT & POWER SERVICE BUNDLED PROOF OF REVENUE
TEST YEAR ENDED DECEMBER 31, 2006
PER SETTLEMENT - 6% OVERALL INCREASE

Line No.	Pricing Plan	Adjusted Booked Billing Determinants	Existing Rates	Total Adjusted Revenue Requirement	Proposed Rate	Proposed Revenue
LARGE LIGHT AND POWER TIME OF USE - LLP-90A - FROZEN						
1	Customer Charge	12			500.00	\$6,000
2	Summer On Peak kW	41,718	\$10.95		25.581	\$1,067,188
3	Summer Off Peak kW				10.581	
4	Summer Shoulder Peak kW				18.081	
5	Winter On Peak kW	41,369	\$8.99		21.581	\$892,784
6	Winter Off Peak kW				10.581	
7	Summer On Peak kWhs	4,368,214	\$0.058806		0.006203	\$27,095
8	Summer Off Peak kWhs	25,419,192	\$0.041654		0.006203	\$157,667
9	Summer Shoulder Peak kWhs	1,744,779	\$0.049005		0.006203	\$10,822
10	Winter On Peak kWhs	5,896,039	\$0.058806		0.006203	\$36,571
11	Winter Off Peak kWhs	25,100,381	\$0.041654		0.006203	\$155,690
12	Revenue Delivery Charges			\$2,353,318		\$2,353,818
Fuel & Purchased Power						
13	Summer On Peak kWhs	6,112,993		323,885	0.052983	323,885
14	Summer Off Peak kWhs	25,419,192		520,661	0.020483	520,661
15	Winter On Peak kWhs	5,896,039		210,035	0.035623	210,035
16	Winter Off Peak kWhs	25,100,381		392,143	0.015623	392,143
17	TOTAL REVENUE			\$3,800,042		\$3,800,542
18						\$500
19	TOTAL LLP-90A	kWh 62,528,604.78				
20		Cust 1				
LARGE LIGHT AND POWER TIME OF USE FROZEN LLP-90F - FROZEN						
21	Customer Charge	48			500.000	\$24,000
22	Summer On Peak kW	150,506	\$20.34		25.702	\$3,868,305
23	Summer Off Peak kW				13.202	
24	Summer Shoulder Peak kW				19.452	
25	Winter On Peak kW	133,207	\$10.73		21.702	\$2,890,858
26	Winter Off Peak kW				9.202	
27	Summer On Peak kWhs	15,169,458	\$0.083541		0.000433	\$6,568
28	Summer Off Peak kWhs	77,504,261	\$0.028002		0.000433	\$33,559
29	Summer Shoulder Peak kWhs	5,686,028	\$0.042003		0.000433	\$2,462
30	Winter On Peak kWhs	16,976,026	\$0.042003		0.000433	\$7,351
31	Winter Off Peak kWhs	63,378,144	\$0.028002		0.000433	\$27,443
35	Revenue Delivery Charges			\$6,860,727		\$6,860,547
Fuel & Purchased Power						
36	Summer On Peak kWhs	20,855,486		1,104,986	0.052983	1,104,986
37	Summer Off Peak kWhs	77,504,261		1,587,520	0.020483	1,587,520
38	Winter On Peak kWhs	16,976,026		604,737	0.035623	604,737
39	Winter Off Peak kWhs	63,378,144		990,157	0.015623	990,157
40	TOTAL REVENUE			\$11,148,126		\$11,147,946
41						-\$180
42	TOTAL LLP-90F	kWh 178,713,918				
43		Cust 4				
44	TOTAL LARGE LIGHT AND POWER SERVICE REVENUE			\$62,413,594		\$62,414,179
45	TOTAL LARGE LIGHT AND POWER KWHS	948,945,003				
46	TOTAL LARGE LIGHT AND POWER CUSTOMER:	14				

TUCSON ELECTRIC POWER COMPANY
PUBLIC AUTHORITY SERVICE BUNDLED PROOF OF REVENUE
TEST YEAR ENDED DECEMBER 31, 2006
PER SETTLEMENT - 6.0% OVERALL INCREASE

Line No.	Pricing Plan	Adjusted Booked Billing Determinants	Existing Rates	Total Adjusted Revenue Requirement	Proposed Rate	Proposed Revenue
MUNICIPAL SERVICE PS-40						
1	Energy kWh Summer	58,667,833	\$0.082463		\$0.057530000	\$3,375,160
2	Energy kWh Winter	42,694,636	\$0.078340		\$0.053159000	2,269,604
3	Revenue Delivery Charges			<u>\$5,644,692</u>		<u>\$5,644,765</u>
4	Fuel & Purchased Power					
5	Summer	58,667,833		1,891,744	\$0.032245000	1,891,744
6	Winter	42,694,636		1,056,479	\$0.024745000	1,056,479
7	TOTAL REVENUE			\$8,592,915		\$8,592,988
						\$73
8	TOTAL PS-40	kWh 101,362,469				
9		Cust 3				
MUNICIPAL WATER PUMPING PS-43						
10	Energy kWh Summer	33,365,680	\$0.082463		\$0.060347000	\$2,013,519
11	Energy kWh Winter	25,062,900	\$0.078340		\$0.055731000	1,396,780
12	<i>PS-45&46 Interruptible Service</i>					
13	Energy kWh Summer	35,724,522	\$0.051500		\$0.027281000	974,601
14	Energy kWh Winter	29,743,473	\$0.050208		\$0.025911000	770,683
15	Revenue Delivery Charges			<u>\$5,155,606</u>		<u>\$5,155,583</u>
16	Fuel & Purchased Power					
17	Energy kWh Summer	33,365,680		996,566	\$0.029868000	996,566
18	Energy kWh Winter	25,062,900		560,607	\$0.022368000	560,607
19	<i>PS-45&46 Interruptible Service</i>					
20	Energy kWh Summer	35,724,522		1,067,020	\$0.029868000	1,067,020
21	Energy kWh Winter	29,743,473		665,302	\$0.022368000	665,302
22	TOTAL REVENUE			\$8,445,101		\$8,445,078
23						-\$23
24	TOTAL PS-43	kWh 123,896,575				
		Cust 32				
25	TOTAL PA SERVICE REVENUE			<u>\$17,038,015</u>		<u>\$17,038,066</u>
26	TOTAL PA SERVICE KWHS	225,259,044				
27	TOTAL PA SERVICE CUSTOMERS	35				

TUCSON ELECTRIC POWER COMPANY
LIGHTING SERVICE BUNDLED PROOF OF REVENUE
TEST YEAR ENDED DECEMBER 31, 2006
PER SETTLEMENT - 6% OVERALL INCREASE

Line No.	Pricing Plan	Adjusted Booked Billing Determinants	Existing Rates	Total Adjusted Revenue Requirement	Proposed Rate	Proposed Revenue	\$ Per Customer Month Fuel&PP	TOTAL \$/ CUSTOME R	TOTAL ANNUAL REVENUE
TRAFFIC SIGNALS AND STREET LIGHTING PS-41&47									
1	Deliver Charge	33,727,523	\$0.067661						
2	Revenue Delivery Charges			\$1,533,200	\$0.045505	1,534,771			
3	Fuel & Purchased Power	33,727,523		870,743	\$0.025817	870,743			
4	TOTAL REVENUE								
5		kWh		\$2,403,943		\$2,405,514			
6		Cust				\$1,571			
7		8							
LIGHTING PS-50, PS-51, and PS-52									
8	Per 100 Watt	120,300	\$11.26	\$889,978	\$7.390	\$889,017	0.776000	8.166	982,370
9	Per 250 Watt	3,615,724	\$16.90	\$215,187	\$11.092	\$214,963	1.940000	13.032	252,560
10	Per 400 Watt	1,456,208	\$26.07	\$300,912	\$17.110	\$300,568	3.104000	20.214	355,120
11	Per One Pole	2,112,088	\$3.93	\$10,225	\$2.582	\$10,225		2.582	10,225
12	Underground Service	3,960	\$21.33	\$671,165	\$14.014	\$671,158		14.014	671,158
13	SSOH - new	47,892	\$3.729	\$3,729	\$3.725	\$3,725	0.427000	7.817	3,940
14	SSP - new	504	\$11.26	\$8,167	\$7.390	\$8,159	0.427000	7.817	8,630
15	SSUG - new	1,104	\$11.26	\$11,188	\$7.390	\$11,174	0.427000	7.817	11,818
16	70UG - new	1,512	\$11.26	\$16,288	\$7.390	\$16,268	0.543000	7.933	19,610
17	Revenue Delivery Charges	2,472							0
18		7,287,604		\$2,128,837		2,127,277			\$2,315,432.14
19	Fuel & Purchased Power			188,144	0.025817	188,144			
20	TOTAL REVENUE								
21				\$2,316,981		\$2,315,421			
22						-\$1,560			
23	LIGHTING PS-50, PS-51, and PS-52	kWh							
24		Cust							
25		Hours							
26	TOTAL LIGHTING SERVICE REVENUE	7,287,604							
27	TOTAL LIGHTING SERVICE REVENUE KWHS	18							
28	TOTAL LIGHTING SERVICE CUSTOMERS	301							
LIGHTING SERVICE SUMMARY									
26	TOTAL LIGHTING SERVICE REVENUE			\$4,720,924		\$4,720,935			
27	TOTAL LIGHTING SERVICE REVENUE KWHS	41,015,127							
28	TOTAL LIGHTING SERVICE CUSTOMERS	26							

TUCSON ELECTRIC POWER COMPANY
Average Base Cost of Fuel and Purchased Power

FERC Account	TEP Adjusted Total	TEP Adjusted ACC Jurisdiction Amount	Jurisdictional Percent	Adjusted Total Per Settlement	Adjusted ACC Jurisdictional
501	\$ 239,090,289.98	\$ 214,137,539.47	0.895634614	\$ 216,920,289.98	\$ 194,281,320
547	\$ 26,864,965.52	\$ 24,061,193.01	0.895634613	\$ 26,864,965.52	\$ 24,061,193
565	\$ 4,771,517.47	\$ 4,510,725.20	0.945343956	\$ 4,771,517.47	\$ 4,510,725
555-D	\$ 30,633,600.00	\$ 28,959,288.61	0.945343956	\$ 13,739,600.00	\$ 12,988,648
555-E	\$ 40,035,093.60	\$ 35,856,815.58	0.895634613	\$ 37,330,093.60	\$ 33,434,124
TOTAL	\$ 341,395,466.57	\$ 307,525,561.87		\$ 299,626,466.57	\$ 269,276,010.00
Total cost of fuel and PP in PPFAC Includible Accounts \$ 307,525,561.87					
Sales, Adjusted kWhs				9,318,849,104	9,318,849,104
Base Cost of Fuel and Purchased Power per TEP				Average Base Cost of Fuel and PP	
\$ 0.033000				\$ 0.028896	

TUCSON ELECTRIC POWER COMPANY

Comparison of Present and Proposed Depreciation Accrual Rates

Account Description	Present			New				
	Rem. Life	Fut. Net Salvage	Accrual Rate	Avg. Life	Rem. Life	Net Salvage	Reserve Ratio	Accrual Rate
Local Generation								
STEAM PRODUCTION (by Unit)								
<u>Sundt Unit 1</u>								
311.00 Structures and Improvements			0.58%	21.81	-34.7%	74.15%		2.78%
312.00 Boiler Plant Equipment			2.19%	21.84	-34.9%	61.42%		3.36%
314.00 Turbogenerator Units			0.65%	21.81	-34.7%	74.11%		2.78%
315.00 Accessory Electric Equipment			1.00%	21.82	-34.8%	65.24%		3.19%
316.00 Miscellaneous Power Plant Equipment			2.30%	21.83	-34.8%	58.63%		3.49%
317.00 Asset Retirement Costs								
Total Sundt Unit 1			1.53%	21.83	-34.8%	66.37%		3.13%
<u>Sundt Unit 2</u>								
311.00 Structures and Improvements			0.62%	23.68	-34.5%	67.87%		2.81%
312.00 Boiler Plant Equipment			2.45%	23.71	-34.6%	50.15%		3.56%
314.00 Turbogenerator Units			0.94%	23.68	-34.5%	68.32%		2.79%
315.00 Accessory Electric Equipment			1.34%	23.71	-34.6%	52.93%		3.44%
316.00 Miscellaneous Power Plant Equipment			2.77%	23.72	-34.6%	41.76%		3.91%
317.00 Asset Retirement Costs								
Total Sundt Unit 2			1.81%	23.70	-34.6%	56.78%		3.28%
<u>Sundt Unit 3</u>								
311.00 Structures and Improvements			0.68%	24.61	-34.4%	78.78%		2.26%
312.00 Boiler Plant Equipment			1.24%	24.64	-34.5%	64.72%		2.83%
314.00 Turbogenerator Units			1.91%	24.65	-34.5%	52.69%		3.32%
315.00 Accessory Electric Equipment			3.06%	24.67	-34.6%	33.83%		4.08%
316.00 Miscellaneous Power Plant Equipment			2.11%	24.64	-34.5%	60.70%		3.00%
317.00 Asset Retirement Costs				24.68		5.56%		3.83%
Total Sundt Unit 3			1.84%	24.65	-34.1%	53.71%		3.26%
<u>Sundt Unit 4</u>								
311.00 Structures and Improvements			9.36%	4.47	-36.6%	40.75%		21.44%
312.00 Boiler Plant Equipment			13.20%	4.47	-36.6%	35.99%		22.51%
314.00 Turbogenerator Units			11.41%	4.47	-36.6%	34.32%		22.88%
315.00 Accessory Electric Equipment			7.35%	4.47	-36.6%	49.36%		19.52%
316.00 Miscellaneous Power Plant Equipment			11.06%	4.47	-36.6%	36.69%		22.35%
317.00 Asset Retirement Costs								
Total Sundt Unit 4			12.27%	4.47	-36.6%	35.81%		22.55%
<u>Sundt Coal Conversion</u>								
311.00 Structures and Improvements			3.58%	4.47	-36.6%	81.31%		12.37%
312.00 Boiler Plant Equipment			3.76%	4.47	-36.6%	80.86%		12.47%
314.00 Turbogenerator Units			3.51%	4.47	-36.6%	81.65%		12.29%
315.00 Accessory Electric Equipment			5.27%	4.47	-36.6%	75.12%		13.75%
316.00 Miscellaneous Power Plant Equipment			3.40%	4.47	-36.6%	81.65%		12.29%
317.00 Asset Retirement Costs								
Total Sundt Coal Conversion			3.90%	4.47	-36.6%	80.30%		12.60%

TUCSON ELECTRIC POWER COMPANY

Comparison of Present and Proposed Depreciation Accrual Rates

Account Description	Present			New				
	Rem. Life	Fut. Net Salvage	Accrual Rate	Avg. Life	Rem. Life	Net Salvage	Reserve Ratio	Accrual Rate
Sundt Coal Handling								
311.00 Structures and Improvements			19.22%		4.47	-36.6%	6.99%	29.00%
312.00 Boiler Plant Equipment								
314.00 Turbogenerator Units			1.30%		4.47	-36.6%	3.92%	29.68%
315.00 Accessory Electric Equipment								
316.00 Miscellaneous Power Plant Equipment								
317.00 Asset Retirement Costs								
Total Sundt Coal Handling			15.84%		4.47	-36.6%	6.41%	29.13%
OTHER PRODUCTION (by Unit)								
DeMoss Petrie Gas Unit 1								
341.00 Structures and Improvements			2.18%		37.52	-27.9%	13.08%	3.06%
342.00 Fuel Holders and Accessories			2.18%		37.52	-27.9%	13.08%	3.06%
343.00 Prime Movers								
344.00 Generators			2.18%		37.52	-27.9%	13.08%	3.06%
345.00 Accessory Electric Equipment			2.18%		37.52	-27.9%	13.08%	3.06%
346.00 Miscellaneous Power Plant Equipment			2.28%		37.53	-27.9%	10.71%	3.12%
Total DeMoss Petrie Gas Unit 1			2.18%		37.52	-27.9%	13.06%	3.06%
Sundt Gas Unit 1								
341.00 Structures and Improvements			0.07%		10.36	-30.2%	87.27%	4.14%
342.00 Fuel Holders and Accessories			4.14%		10.36	-30.2%	64.00%	6.39%
343.00 Prime Movers			0.07%		10.36	-30.2%	47.37%	8.00%
344.00 Generators			0.57%		10.35	-30.2%	94.65%	3.43%
345.00 Accessory Electric Equipment			1.04%		10.36	-30.2%	87.86%	4.09%
346.00 Miscellaneous Power Plant Equipment			0.07%		10.35	-30.2%	105.09%	2.43%
Total Sundt Gas Unit 1			0.65%		10.35	-30.2%	92.97%	3.59%
Sundt Gas Unit 2								
341.00 Structures and Improvements			0.76%		10.36	-30.2%	83.57%	4.50%
342.00 Fuel Holders and Accessories			4.44%		10.36	-30.2%	61.30%	6.65%
343.00 Prime Movers			0.77%		10.36	-30.2%	45.37%	8.19%
344.00 Generators			1.34%		10.36	-30.2%	86.30%	4.24%
345.00 Accessory Electric Equipment			2.16%		10.36	-30.2%	79.66%	4.88%
346.00 Miscellaneous Power Plant Equipment			0.76%		10.35	-30.2%	99.99%	2.92%
Total Sundt Gas Unit 2			1.46%		10.36	-30.2%	84.73%	4.39%
North Loop Gas Unit 1								
341.00 Structures and Improvements			4.10%		10.36	-30.2%	60.62%	6.72%
342.00 Fuel Holders and Accessories								
343.00 Prime Movers			2.09%		10.36	-30.2%	45.63%	8.16%
344.00 Generators			1.20%		10.36	-30.2%	85.80%	4.29%
345.00 Accessory Electric Equipment			3.67%		10.36	-30.2%	64.49%	6.34%
346.00 Miscellaneous Power Plant Equipment			4.21%		10.36	-30.2%	62.10%	6.57%
Total North Loop Gas Unit 1			1.98%		10.36	-30.2%	78.77%	4.97%

TUCSON ELECTRIC POWER COMPANY

Comparison of Present and Proposed Depreciation Accrual Rates

Account Description	Present			New				
	Rem. Life	Fut. Net Salvage	Accrual Rate	Avg. Life	Rem. Life	Net Salvage	Reserve Ratio	Accrual Rate
North Loop Gas Unit 2								
341.00 Structures and Improvements			1.26%		10.35	-10.7%	76.04%	3.35%
342.00 Fuel Holders and Accessories								
343.00 Prime Movers			1.83%		10.36	-30.2%	46.27%	8.10%
344.00 Generators			0.69%		10.35	-30.2%	93.72%	3.52%
345.00 Accessory Electric Equipment			1.82%		10.36	-30.2%	80.78%	4.77%
346.00 Miscellaneous Power Plant Equipment			0.01%		10.35	-30.2%	103.64%	2.57%
Total North Loop Gas Unit 2			0.84%		10.35	-29.3%	90.89%	3.70%
North Loop Gas Unit 3								
341.00 Structures and Improvements			1.25%		10.35	-30.2%	87.02%	4.17%
342.00 Fuel Holders and Accessories								
343.00 Prime Movers			2.63%		10.36	-30.2%	45.02%	8.22%
344.00 Generators			0.75%		10.35	-30.2%	92.41%	3.65%
345.00 Accessory Electric Equipment			1.85%		10.36	-30.2%	78.70%	4.97%
346.00 Miscellaneous Power Plant Equipment			0.01%		10.35	-30.2%	100.84%	2.84%
Total North Loop Gas Unit 3			0.91%		10.35	-30.2%	89.97%	3.89%
North Loop Gas Unit 4								
341.00 Structures and Improvements			2.27%		37.53	-27.9%	16.26%	2.97%
342.00 Fuel Holders and Accessories			2.20%		37.52	-27.9%	11.87%	3.09%
343.00 Prime Movers								
344.00 Generators			2.19%		37.52	-27.9%	12.83%	3.07%
345.00 Accessory Electric Equipment			2.20%		37.52	-27.9%	15.37%	3.00%
346.00 Miscellaneous Power Plant Equipment			2.19%		37.52	-27.9%	20.88%	2.85%
Total North Loop Gas Unit 4			2.19%		37.52	-27.9%	13.04%	3.06%

TUCSON ELECTRIC POWER COMPANY

Comparison of Present and Proposed Depreciation Accrual Rates

Account Description	Present			New				
	Rem. Life	Fut. Net Salvage	Accrual Rate	Avg. Life	Rem. Life	Net Salvage	Reserve Ratio	Accrual Rate
Non Local Generation								
STEAM PRODUCTION (by Unit)								
<u>Four Corners Unit 4</u>								
310.00 Rights-of-Way					23.71	-40.5%	84.84%	2.35%
311.00 Structures and Improvements	26.50		0.90%		23.71	-40.6%	82.51%	2.45%
312.00 Boiler Plant Equipment	26.51		0.68%		23.72	-40.6%	70.72%	2.95%
314.00 Turbogenerator Units	26.50		0.66%		23.68	-40.5%	103.54%	1.56%
315.00 Accessory Electric Equipment	26.47		0.43%		23.73	-40.6%	51.29%	3.76%
316.00 Miscellaneous Power Plant Equipment	26.53		1.81%		23.67		76.98%	0.97%
317.00 Asset Retirement Cost	26.47		0.41%					
Total Four Corners Unit 4			0.72%		23.71	-40.6%	80.07%	2.55%
<u>Four Corners Unit 5</u>								
310.00 Rights-of-Way					23.70	-40.5%	85.96%	2.30%
311.00 Structures and Improvements	26.50		0.98%		23.71	-40.5%	79.99%	2.55%
312.00 Boiler Plant Equipment	26.51		0.78%		23.71	-40.5%	81.06%	2.51%
314.00 Turbogenerator Units	26.50		0.87%		23.69	-40.5%	99.34%	1.74%
315.00 Accessory Electric Equipment	26.48		0.56%		23.73	-40.6%	50.10%	3.81%
316.00 Miscellaneous Power Plant Equipment	26.53		1.80%		23.67		73.63%	1.11%
317.00 Asset Retirement Cost	26.47		0.52%					
Total Four Corners Unit 5			0.83%		23.71	-40.5%	79.19%	2.58%
<u>Navajo Unit 1</u>								
310.00 Rights-of-Way					18.99	-41.1%	73.93%	3.54%
311.00 Structures and Improvements	21.83		1.60%		19.01	-41.1%	52.62%	4.65%
312.00 Boiler Plant Equipment	21.85		2.25%		19.01	-41.1%	59.59%	4.29%
314.00 Turbogenerator Units	21.84		1.61%		18.99	-41.1%	78.57%	3.29%
315.00 Accessory Electric Equipment	21.82		1.28%		18.99	-41.1%	75.12%	3.47%
316.00 Miscellaneous Power Plant Equipment	21.82		1.46%		18.98		56.70%	2.28%
317.00 Asset Retirement Cost	21.82		1.11%					
Total Navajo Unit 1			2.02%		19.01	-41.1%	57.45%	4.40%
<u>Navajo Unit 2</u>								
310.00 Rights-of-Way					19.00	-41.1%	65.74%	3.97%
311.00 Structures and Improvements	21.84		1.26%		19.00	-41.1%	58.14%	4.37%
312.00 Boiler Plant Equipment	21.84		2.25%		19.00	-41.1%	57.01%	4.43%
314.00 Turbogenerator Units	21.84		1.88%		19.00	-41.1%	65.86%	3.96%
315.00 Accessory Electric Equipment	21.84		1.60%		18.99	-41.1%	68.96%	3.80%
316.00 Miscellaneous Power Plant Equipment	21.83		1.57%		18.98		54.29%	2.41%
317.00 Asset Retirement Cost	21.82		1.20%					
Total Navajo Unit 2			2.08%		19.00	-41.1%	59.01%	4.32%
<u>Navajo Unit 3</u>								
310.00 Rights-of-Way					19.00	-41.1%	64.88%	4.01%
311.00 Structures and Improvements	21.84		2.00%		19.01	-41.1%	55.06%	4.53%
312.00 Boiler Plant Equipment	21.84		2.15%		19.00	-41.1%	59.61%	4.29%
314.00 Turbogenerator Units	21.83		1.53%		18.99	-41.1%	65.75%	3.97%
315.00 Accessory Electric Equipment	21.83		1.86%		18.99	-41.1%	68.18%	3.84%
316.00 Miscellaneous Power Plant Equipment	21.83		0.10%		18.99		52.82%	2.48%
317.00 Asset Retirement Cost	21.82		1.34%					
Total Navajo Unit 3			1.98%		19.01	-41.1%	57.99%	4.38%

TUCSON ELECTRIC POWER COMPANY

Comparison of Present and Proposed Depreciation Accrual Rates

Account Description	Present			New				
	Rem. Life	Fut. Net Salvage	Accrual Rate	Avg. Life	Rem. Life	Net Salvage	Reserve Ratio	Accrual Rate
<u>Navajo Common</u>								
310.00 Rights-of-Way	21.82		0.40%		18.99		55.04%	2.37%
311.00 Structures and Improvements	21.86		3.06%		19.01	-41.2%	42.32%	5.20%
312.00 Boiler Plant Equipment	21.86		3.17%		19.01	-41.2%	38.58%	5.40%
314.00 Turbogenerator Units					19.02	-41.2%	19.40%	6.40%
315.00 Accessory Electric Equipment	21.86		3.26%		19.02	-41.2%	28.58%	5.92%
316.00 Miscellaneous Power Plant Equipment	21.86		3.14%		19.01	-41.2%	40.36%	5.30%
317.00 Asset Retirement Cost								
Total Navajo Common			3.11%		19.01	-41.2%	40.48%	5.30%
<u>San Juan Unit 1</u>								
310.00 Rights-of-Way								
311.00 Structures and Improvements	31.10		0.75%		28.34	-39.9%	79.23%	2.14%
312.00 Boiler Plant Equipment	31.12		1.00%		28.35	-40.0%	69.90%	2.47%
314.00 Turbogenerator Units	31.11		1.04%		28.35	-40.0%	70.68%	2.45%
315.00 Accessory Electric Equipment	31.10		0.87%		28.34	-40.0%	74.44%	2.31%
316.00 Miscellaneous Power Plant Equipment	31.10		0.75%		28.35	-40.0%	71.32%	2.42%
317.00 Asset Retirement Cost	31.08		0.97%		28.32		60.62%	1.39%
Total San Juan Unit 1			0.98%		28.35	-40.0%	70.99%	2.43%
<u>San Juan Unit 2</u>								
310.00 Rights-of-Way								
311.00 Structures and Improvements	28.34		0.90%		25.56	-40.3%	81.81%	2.29%
312.00 Boiler Plant Equipment	28.36		1.11%		25.58	-40.3%	72.38%	2.66%
314.00 Turbogenerator Units	28.36		1.23%		25.58	-40.3%	68.42%	2.81%
315.00 Accessory Electric Equipment	28.34		0.73%		25.56	-40.3%	81.79%	2.29%
316.00 Miscellaneous Power Plant Equipment	28.34		0.91%		25.56	-40.3%	82.46%	2.26%
317.00 Asset Retirement Cost	28.32		0.77%		25.54		64.82%	1.38%
Total San Juan Unit 2			1.09%		25.58	-40.3%	73.04%	2.63%
<u>San Juan Common</u>								
310.00 Rights-of-Way								
311.00 Structures and Improvements								
312.00 Boiler Plant Equipment	31.16		2.33%		28.39	-40.1%	38.37%	3.58%
314.00 Turbogenerator Units								
315.00 Accessory Electric Equipment								
316.00 Miscellaneous Power Plant Equipment								
317.00 Asset Retirement Cost								
Total San Juan Common			2.33%		28.39	-40.1%	38.37%	3.58%
<u>Springerville Unit 1</u>								
310.00 Rights-of-Way								
311.00 Structures and Improvements	11.33		-1.24%		8.41	-42.4%	31.78%	13.15%
312.00 Boiler Plant Equipment	11.33		7.40%		8.41	-42.4%	19.54%	14.61%
314.00 Turbogenerator Units	11.33		6.97%		8.41	-42.4%	25.29%	13.93%
315.00 Accessory Electric Equipment	11.33		7.08%		8.41	-42.4%	16.63%	14.95%
316.00 Miscellaneous Power Plant Equipment	11.33		6.25%		8.41	-42.4%	20.89%	14.45%
317.00 Asset Retirement Cost								
Total Springerville Unit 1			7.15%		8.41	-42.4%	20.97%	14.44%

TUCSON ELECTRIC POWER COMPANY

Comparison of Present and Proposed Depreciation Accrual Rates

Account Description	Present			New				
	Rem. Life	Fut. Net Salvage	Accrual Rate	Avg. Life	Rem. Life	Net Salvage	Reserve Ratio	Accrual Rate
<u>Springerville Unit 2</u>								
310.00 Rights-of-Way								
311.00 Structures and Improvements	43.70		1.57%		41.03	-38.4%	35.43%	2.51%
312.00 Boiler Plant Equipment	43.71		1.49%		41.05	-38.5%	33.92%	2.55%
314.00 Turbogenerator Units	43.70		1.50%		41.04	-38.5%	34.54%	2.53%
315.00 Accessory Electric Equipment	43.70		1.50%		41.03	-38.4%	35.47%	2.51%
316.00 Miscellaneous Power Plant Equipment	43.70		1.51%		41.04	-38.5%	33.77%	2.55%
317.00 Asset Retirement Cost								
Total Springerville Unit 2			1.50%		41.04	-38.5%	34.29%	2.54%
<u>Springerville Unit 1 Common</u>								
310.00 Rights-of-Way	11.33		5.38%		8.41		42.57%	6.83%
311.00 Structures and Improvements	11.33		4.61%		8.41	-42.4%	57.19%	10.13%
312.00 Boiler Plant Equipment	11.33		6.91%		8.41	-42.4%	38.67%	12.33%
314.00 Turbogenerator Units	11.33		6.62%		8.41	-42.4%	41.88%	11.95%
315.00 Accessory Electric Equipment	11.33		6.99%		8.41	-42.4%	26.01%	13.84%
316.00 Miscellaneous Power Plant Equipment	11.33		5.26%		8.41	-42.4%	30.27%	13.33%
317.00 Asset Retirement Cost								
Total Springerville Unit 1 Common			5.06%		8.41	-38.9%	52.64%	10.26%
<u>Springerville Unit 2 Common</u>								
310.00 Rights-of-Way	16.15		4.24%		13.26		38.93%	4.61%
311.00 Structures and Improvements	16.15		3.41%		13.26	-41.8%	52.37%	6.74%
312.00 Boiler Plant Equipment	16.15		4.53%		13.27	-41.9%	43.11%	7.44%
314.00 Turbogenerator Units	16.15		4.49%		13.27	-41.9%	39.18%	7.74%
315.00 Accessory Electric Equipment	16.15		3.25%		13.26	-41.8%	54.24%	6.60%
316.00 Miscellaneous Power Plant Equipment	16.15		3.86%		13.27	-41.9%	41.09%	7.60%
317.00 Asset Retirement Cost								
Total Springerville Unit 2 Common			3.62%		13.26	-39.2%	50.05%	6.72%
<u>Springerville Coal Handling</u>								
310.00 Rights-of-Way								
311.00 Structures and Improvements								
312.00 Boiler Plant Equipment	11.33		4.69%		8.41	-42.4%	34.68%	12.81%
314.00 Turbogenerator Units								
315.00 Accessory Electric Equipment								
316.00 Miscellaneous Power Plant Equipment								
317.00 Asset Retirement Cost								
Total Springerville Coal Handling			4.69%		8.41	-42.4%	34.68%	12.81%

Other Production - Non Local								
<u>Luna Facility</u>								
317.00 Asset Retirement Cost					39.25	0.0%	1.06%	2.57%
341.00 Structures & Improvements					39.25	0.0%	1.82%	2.57%
342.00 Fuel Holders, Producers, & Accessories					39.25	0.0%	1.82%	2.57%
344.00 Generators					39.25	0.0%	1.82%	2.57%
346.00 Misc. Power Plant Equipment					39.25	0.0%	1.82%	2.57%

TUCSON ELECTRIC POWER COMPANY

Comparison of Present and Proposed Depreciation Accrual Rates

Account Description	Present			New				
	Rem. Life	Fut. Net Salvage	Accrual Rate	Avg. Life	Rem. Life	Net Salvage	Reserve Ratio	Accrual Rate
Distribution								
DISTRIBUTION PLANT								
360.00 Rights-of Way			2.22%		43.78		37.61%	1.43%
361.00 Structures & Improvements		-10.0%	2.44%		44.83		26.99%	1.63%
362.00 Station Equipment		-19.0%	4.25%		46.02		33.01%	1.46%
364.00 Poles, Towers and Fixtures		-59.0%	5.48%		39.16		35.98%	1.63%
365.00 Overhead Conductors and Devices		-17.0%	3.66%		41.83		38.71%	1.47%
366.00 Underground Conduit		-40.0%	2.33%		43.44		38.11%	1.42%
367.00 Underground Conductors and Devices		33.0%	1.63%		32.32		38.89%	1.89%
368.OH Line Transformers - Overhead		-15.0%	3.38%		26.12		51.83%	1.84%
358.UG Line Transformers - Underground		-15.0%	3.38%		23.28		41.39%	2.52%
369.OH Services - Overhead		-34.0%	3.83%		28.70		53.55%	1.62%
369.UG Services - Underground		-34.0%	3.83%		47.81		28.30%	1.50%
370.00 Meters		-25.0%	3.79%		19.73		40.91%	2.99%
373.00 Street Lighting and Signal Systems		-25.0%	4.46%		36.67		36.24%	1.74%
374.00 Asset Retirement Costs		-7.0%	3.2%		31.53		6.20%	2.97%
Total Distribution Plant			3.35%		33.61		38.52%	1.82%
General								
GENERAL PLANT								
Depreciable								
390.00 Structures & Improvements			2.22%		21.45		54.04%	2.14%
391.CM Office Furn. And Equip. - Computer			20.00%		2.95		57.04%	14.56%
392.C0 Transportation Equipment - Class 0		16.0%	8.87%		14.63	15.0%	25.99%	4.03%
392.C1 Transportation Equipment - Class 1		16.0%	14.00%		5.10	15.0%	41.06%	8.62%
392.C2 Transportation Equipment - Class 2		21.0%	11.29%		4.99	25.0%	36.55%	7.71%
392.C3 Transportation Equipment - Class 3		18.0%	10.25%		7.07	15.0%	41.05%	6.22%
392.C4 Transportation Equipment - Class 4		9.0%	7.00%		9.80	10.0%	43.96%	4.70%
392.C5 Transportation Equipment - Class 5		1.0%	7.07%		10.67	5.0%	38.28%	5.32%
396.00 Power Operated Equipment			3.33%		11.46	5.0%	46.95%	4.19%
397.00 Communication Equipment			6.7%		18.13		32.72%	3.71%
Total Depreciable			7.57%		9.53	4.0%	44.54%	5.31%
Amortizable								
391.FE Office Furn. And Equip. - Furniture	← 24 Year Amortization →			← 24 Year Amortization →				
393.00 Stores Equipment	← 15 Year Amortization →			← 15 Year Amortization →				
394.00 Tools, Shop and Garage Equipment	← 17 Year Amortization →			← 17 Year Amortization →				
395.00 Laboratory Equipment	← 17 Year Amortization →			← 17 Year Amortization →				
398.00 Miscellaneous Equipment	← 20 Year Amortization →			← 20 Year Amortization →				
Total Amortizable			8.00%		11.16		43.56%	5.06%
Total General Plant			7.65%		9.75	3.3%	44.37%	5.26%
TOTAL INVESTMENT			3.96%		25.53	0.5%	39.34%	2.30%
NET SALVAGE								
108.02 Distribution	43.08	-50.0%			33.61	-15.0%	5.68%	0.28%
Total net Salvage					33.61		5.68%	0.28%
TOTAL UTILITY			3.96%		25.53	-6.7%	44.22%	2.54%

Tucson Electric Power Company
Purchased Power and Fuel Adjustment Clause
Plan of Administration

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1. GENERAL DESCRIPTION

This document describes the plan for administering the Purchased Power and Fuel Adjustment Clause ("PPFAC") the Arizona Corporation Commission ("Commission") approved for Tucson Electric Power Company ("TEP") in Decision No. XXXXX [DATE]. The PPFAC provides for the recovery of fuel and purchased power costs from the date of that decision forward.

The PPFAC described in this Plan of Administration ("POA") uses a forward-looking estimate of fuel and purchased power costs to set a rate that is then reconciled to actual costs experienced. This POA describes the application of the PPFAC.

2. DEFINITIONS

Applicable Interest - Based on one-year Nominal Treasury Constant Maturities rate contained in the Federal Reserve Statistical Release H-15. The interest rate is adjusted annually on the first business day of the calendar year.

Base Cost of Fuel and Purchased Power - An amount generally expressed as a rate per kWh, which reflects the fuel and purchased power cost embedded in the base rates as approved by the Commission in TEP's most recent rate case. The Base Cost of Fuel and Purchased Power revenue is the approved rate per kWh times the applicable sales volumes. Decision No. XXXXX set the base cost at \$X.XXXX per kWh effective on [DATE].

Forward Component - An amount expressed as a rate per kWh charge that is updated annually on April 1 of each year and effective with the first billing cycle in April. The Forward Component for the PPFAC Year will adjust for the difference between the forecasted fuel and purchased power costs expressed as a rate per kWh less the Base Cost of Fuel and Purchase Power generally expressed as a rate per kWh embedded in TEP's base rates. The result of this calculation will equal the Forward Component, expressed as a rate per kWh.

Forward Component Tracking Account - An account that records on a monthly basis TEP's over/under-recovery of its actual costs of fuel and purchased power as compared to the actual Base Cost of Fuel and Purchased Power revenue and Forward Component revenue; plus Applicable Interest. The balance of this account as of the end of each PPFAC Year is, subject to periodic audit, reflected in the next True-Up Component calculation. TEP files the balances and supporting details underlying this Account with the Commission on a monthly basis via a monthly reporting requirement.

Fuel and Purchased Power Costs - The costs recorded for the fuel and purchased power used by TEP to serve both Total Native Load Energy Sales and Short Term Sales, less the costs associated with Mark-to-Market Accounting adjustments. Wheeling costs are included. Broker's fees and other expenses TEP records in Account 557 are not included.

Long Term Energy Sales - The portion of load from Total Native Load Energy Sales wholesale customers (currently Salt River Project, Tohono O'odham Utility Authority and Navajo Tribal Utility Authority) that is served by TEP, excluding the load served with Preference Power.

Mark-to-Market Accounting - Recording the value of qualifying commodity contracts to reflect their current market value relative to their actual cost.

PPFAC - The Purchased Power and Fuel Adjustment Clause approved by the Commission in Decision No. XXXXX, which is a combination of two rate components that track changes in the cost of obtaining power supplies based upon forward-looking estimates of fuel and purchased power costs that are eventually reconciled to actual costs experienced. This PPFAC also provides for a reconciliation between actual and estimated costs of the last three months of estimated costs used in True-Up Component calculations.

PPFAC Year - A consecutive 12-month period beginning each April 1 and lasting through March 31 the following year. The initial term of the PPFAC will begin on the effective date of the Commission decision in this proceeding (Decision No. XXXXX) and end on March 31, 2009. The first full year of the PPFAC will begin on April 1, 2009 and end on March 31, 2010. The first True-Up Component will include costs and revenues from January 1, 2009 through March 31, 2009.

Preference Power - Power allocated to TEP wholesale customers by federal power agencies such as the Western Area Power Administration.

Retail Native Load Energy Sales - The portion of load from Total Native Load Energy Sales retail customers that is served by TEP and located within the TEP control area.

Short Term Sales - Wholesale sales made to non-Native Load customers for the purpose of optimizing the TEP system, using TEP owned or contracted generation and purchased power, less Mark-to-Market Accounting adjustments.

Short Term Sales Revenue - The revenue recorded from wholesale sales made to non-Native Load customers, for the purpose of optimizing the TEP system, using TEP-owned or contracted generation and purchased power, less Mark-to-Market Accounting adjustments.

SO₂ Allowance Sales - The revenues related to the sale of SO₂ emission allowances, including Gain on SO₂ Allowance Sales and Auction Proceeds net of Commissions Paid.

Total Native Load Energy Sales - Retail Native Load Energy Sales and Long Term Energy Sales for which TEP has a generation service obligation.

True-Up Component - An amount expressed as a rate per kWh charge that is updated annually on April 1 of each year and effective with the first billing cycle in April. The purpose of this charge is to provide for a true-up mechanism to reconcile any over or under-recovered amounts from the preceding PPFAC Year tracking account balances to be refunded/collected from

customers in the coming year's PPFAC rate. The first True-Up Component will include costs and revenues from January 1, 2009 through March 31, 2009.

True-Up Component Tracking Account - An account that records on a monthly basis the account balance to be collected or refunded via the True-Up Component rate as compared to the actual True-Up Component revenues, plus Applicable Interest; the balance of which at the close of the preceding PPFAC Year is, subject to periodic audit, then reflected in the next True-Up Component calculation. TEP files the balances and supporting details underlying this Account with the Commission on a monthly basis.

Wheeling Costs (FERC Account 565, Transmission of Electricity by Others) - Amounts payable to others for the transmission of TEP's electricity over transmission facilities owned by others.

Wholesale Trading Activity - Revenue recorded from realized wholesale trading profits.

3. PPFAC COMPONENTS

The PPFAC Rate will consist of two components designed to provide for the recovery of actual, prudently incurred fuel and purchased power costs. Those components are:

1. The Forward Component, which recovers or refunds differences between expected PPFAC Year (each April 1 through March 31 period shall constitute a PPFAC Year) fuel and purchased power costs and those embedded in base rates.
2. The True-Up Component, which tracks the differences between the PPFAC Year's actual fuel and purchased power costs and those costs recovered through the combination of base rates and the Forward Component, and which provides for their recovery during the next PPFAC Year.

The PPFAC Year begins on April 1 and ends the following March 31. The first full PPFAC Year in which the PPFAC rate shall apply will begin on April 1, 2009 and end on March 31, 2010. Succeeding PPFAC Years will begin on each April 1 thereafter.

For the period from when the Commission issued Decision No. XXXXXX in this case - until March 31, 2009 - the Base Cost of Fuel and Purchased Power rate established in that decision will be in effect. The first True-Up will include costs and revenues from January 1, 2009 through March 31, 2009.

On or before October 31 of each year, TEP will submit a PPFAC Rate filing, which shall include a proposed calculation of the components for the PPFAC rate. This filing shall be accompanied by supporting information as Staff determines to be required. TEP will supplement this filing with a True-Up Component filing on or before February 1 in order to replace estimated balances with actual balances, as explained below.

A. Forward Component Description

The Forward Component is intended to refund or recover the difference between: (1) the fuel and purchased power costs embedded in base rates and (2) the forecasted fuel and purchased power costs over a PPFAC Year that begins on April 1 and ends the following March 31. TEP will submit, on or before October 31 of each year, a forecast for the upcoming PPFAC year (April 1 through March 31) of its fuel and purchase power costs. It will also submit a forecast of kWh sales for the same PPFAC year, and divide the forecasted costs by the forecasted sales to produce the cents per kWh unit rate required to collect those costs over those sales. The result of subtracting the Base Cost of Fuel and Purchased Power from this unit rate shall be the Forward Component.

All revenues from Short Term Sales will be credited against fuel and purchased power costs. Ten percent of the net positive margins realized by TEP during the PPFAC year on its Wholesale Trading Activities will be credited against fuel and purchased power costs. Fifty percent of the margins realized by TEP on SO₂ Allowance Sales will be credited against fuel and purchased power costs.

TEP shall maintain and report monthly the balances in a Forward Component Tracking Account, which will record TEP's over/under-recovery of its actual costs of fuel and purchased power as compared to the actual Base Cost of Fuel and Purchased Power revenue and Forward Component revenue. This Account will operate on a PPFAC Year basis (i.e. April 1 to the following March 31), and its balances will be used to administer this PPFAC's True-Up Component, which is described immediately below.

B. True-Up Component Description

The True-Up Component in any current PPFAC Year is intended to refund or recover the balance accumulated in the Forward Component Tracking Account (described above) during the previous PPFAC year. Also, any remaining balance from the True-Up Component Tracking Account as of March 31 would roll over into the True-Up Component for the coming PPFAC year starting April 1. The sum of projected Forward Component Tracking Account and True-Up Component Tracking Account balances on March 31 is divided by the forecasted PPFAC year kWh sales to determine the True-Up Component for the coming PPFAC year.

TEP shall maintain and report monthly the balances in a True-Up Component Tracking Account, which will reflect monthly collections or refunds under the True-Up Component and the amounts approved for use in calculating the True-Up Component.

Each annual TEP filing on October 31 will include an accumulation of Forward Component Tracking Account balances and True-Up Component Tracking Account balances for the preceding April through September and an estimate of the balances for October through March (the remaining six months of the current PPFAC Year). The TEP filing shall use these balances to calculate a preliminary True-Up Component for the coming PPFAC Year. On or before February 1, TEP will submit a supplemental filing that recalculates the True-Up Component.

This recalculation shall replace estimated monthly balances with those actual monthly balances that have become available since the October 31 filing.

The October 31 filing's use of estimated balances for October through March (with supporting workpapers) is required to allow the PPFAC review process to begin in a way that will support its completion and a Commission decision before April 1. The February 1 updating will allow for the use of the most current balance information available. In addition to the February 1 update filing, TEP's monthly filings (for the months of September through December) of Forward Component Tracking Account balance information and True-Up Component Tracking Account balance information will include a recalculation (replacing estimated balances with actual balances as they become known) of the projected True-Up Component unit rate required for the next PPFAC Year.

The True-Up Component Tracking Account will measure the changes each month in the True-Up Component balance used to establish the current True-Up Component as a result of collections under the True-Up Component in effect. It will subtract each month's True-Up Component collections from the True-Up Component balance. The True-Up Component Account will also include Applicable Interest on any balances. TEP shall file the amounts and supporting calculations and workpapers for this account each month.

4. CALCULATION OF THE PPFAC RATE

The PPFAC rate is the sum of the two components; i.e., Forward Component and True-Up Component. The PPFAC rate shall be applicable to TEP's retail electric rate schedules (except those specifically exempted) and is adjusted annually. The PPFAC Rate shall be applied to the customer's bill as a monthly kilowatt-hour ("kWh") charge that is the same for all customer classes.

The PPFAC rate shall be reset on April 1 of each year, and shall be effective with the first April billing cycle only after approval by the Commission. It is not prorated. The first True-Up Component will include costs and revenues from January 1, 2009 through March 31, 2009.

5. FILING AND PROCEDURAL DEADLINES

A. October 31 Filing

TEP shall file the PPFAC rate with all Component calculations for the PPFAC year beginning on the next April 1, including all supporting data, with the Commission on or before October 31 of each year. That calculation shall use a forecast of kWh sales and of fuel and purchased power costs for the coming PPFAC year, with all inputs and assumptions being the most current available for the Forward Component. The filing will also include the True-Up Component calculation for the year beginning on the next April 1, with all supporting data. That calculation will use the same forecast of sales used for the Forward Component calculation.

B. February 1 Filing

TEP will update the October 31 filing by February 1. This update will replace estimated Forward Component Tracking Account balances, and the True-Up Component Tracking Account balances, with actual balances and with more current estimates for those months (January, February and March) for which actual data are not available. The new PPFAC rate will go into effect on April 1 only after approval by the Commission.

C. Additional Filings

TEP will also file with the Commission any additional information that the Staff determines it requires to verify the component calculations, account balances, and any other matter pertinent to the PPFAC.

D. Review Process

The Commission Staff and interested parties will have an opportunity to review the October 31 and February 1 forecast, balances, and supporting data on which the calculations of the two PPFAC components have been based. Any objections to the October 31 calculations must be filed within 45 days of the TEP filing. Any objections to the February 1 calculations must be filed within 15 days of the TEP filing.

E. Extraordinary Circumstances

Should an unusual event occur that causes a drastic change in forecasted fuel and energy prices – such as a hurricane or other calamity – TEP will have the ability to request an adjustment to the Forward Component reflecting such a change. The Commission may provide for the change over such period as the Commission determines appropriate.

6. VERIFICATION AND AUDIT

The amounts charged through the PPFAC will be subject to periodic audit to assure their completeness and accuracy and to assure that all fuel and purchased power costs were incurred reasonably and prudently. The Commission may, after notice and opportunity for hearing, make such adjustments to existing balances or to already recovered amounts as it finds necessary to correct any accounting or calculation errors or to address any costs found to be unreasonable or imprudent. Such adjustments, with appropriate interest, shall be recovered or refunded in the True-Up Component for the following year (i.e. starting the next April 1.)

7. SCHEDULES

Samples of the following schedules are attached to this Plan of Administration:

Schedule 1	PPFAC Rate Calculation Effective April 1, 20XX
Schedule 2	PPFAC Forward Component Rate Calculation Effective April 1, 20XX
Schedule 3	PPFAC Forward Component Tracking Account (in effect April 1, 20XX – March 31, 20XX)
Schedule 4	PPFAC True-Up Component Rate Calculation Effective Month XX, 20XX
Schedule 5	PPFAC True-Up Component Tracking Account (in effect April 1, 20XX – March 31, 20XX). The first True-Up will include costs and revenues from January 1, 2009 through March 31, 2009.

8. COMPLIANCE REPORTS

TEP shall provide monthly reports to Staff's Compliance Section and to the Residential Utility Consumer Office detailing all calculations related to the PPFAC. A TEP Officer shall certify under oath that all information provided in the reports itemized below is true and accurate to the best of his or her information and belief. These monthly reports shall be due within 30 days of the end of the reporting period.

The publicly available reports will include at a minimum:

1. The PPFAC Rate Calculation (Schedule 1); Forward Component and True-Up Component Calculations (Schedules 2 and 4); Annual Forward Component and, True-Up Component Tracking Account Balances (Schedules 3 and 5). Additional information will provide other relative inputs and outputs such as:
 - a. Total power and fuel costs.
 - b. Customer sales in both MWh and thousands of dollars by customer class.
 - c. Number of customers by customer class.
 - d. A detailed listing of all items excluded from the PPFAC calculations.
 - e. A detailed listing of any adjustments to the adjustor reports.
 - f. Total short term sales revenues.
 - g. System losses in MWh.
 - h. Monthly maximum retail demand in MW.
 - i. SO₂ allowance sales.
2. Identification of a contact person and phone number from TEP for questions.

TEP shall also provide to Commission Staff monthly reports containing the information listed below. These reports shall be due within 30 days of the end of the reporting period. These additional reports may be provided confidentially.

- A. Information for each generating unit will include the following items:
 1. Net generation, in MWh per month, and 12 months cumulatively.
 2. Average heat rate, both monthly and 12-month average.
 3. Equivalent forced-outage rate, both monthly and 12-month average.

-
4. Outage information for each month including, but not limited to, event type, start date and time, end date and time, and a description.
 5. Total fuel costs per month.
 6. The fuel cost per kWh per month.
- B. Information on power purchases will include the following items per seller (information on economy interchange purchases may be aggregated):
1. The quantity purchased in MWh.
 2. The demand purchased in MW to the extent specified in the contract.
 3. The total cost for demand to the extent specified in the contract.
 4. The total cost of energy.
- C. Information on short-term sales will include the following items:
1. An itemization of short-term sales margins per buyer.
 2. Details on negative short-term sales margins.
- D. Fuel purchase information shall include the following items:
1. Natural gas interstate pipeline costs, itemized by pipeline and by individual cost components, such as reservation charge, usage, surcharges and fuel.
 2. Natural gas commodity costs, categorized by short-term purchases (one month or less) and longer term purchases, including price per therm, total cost, supply basin, and volume by contract.
- E. TEP will also provide:
1. Monthly projections for the next 12-month period showing estimated (Over)/undercollected amounts.
 2. A summary of unplanned outage costs by resource type.
 3. The data necessary to arrive at the Native Load Energy Sales MWh reflected in the non-confidential filing.
 4. The data necessary to arrive at the Total Fuel and Purchased Power cost reflected in the non-confidential filing (Section 8.1.a).

In addition, TEP will prepare certain schedules and documents that will provide the necessary transparency of TEP's fuel and purchased power procurement activities such that the prudence of these activities can be determined and compliance with company procurement protocols can be confirmed.

Workpapers and other documents that contain proprietary or confidential information will be provided to the Commission Staff under an appropriate protective agreement. TEP will keep fuel and purchased power invoices and contracts available for Commission review. The Commission has the right to review the prudence of fuel and power purchases and any calculations associated with the PPFAC at any time. Any costs flowed through the PPFAC are subject to refund, if those costs are found to be imprudently incurred.

9. ALLOWABLE COSTS

A. Accounts

The allowable PPFAC costs include fuel and purchased power costs incurred to provide service to retail customers. Additionally, the prudent direct costs of contracts used for hedging system fuel and purchased power will be recovered under the PPFAC. The allowable cost components include the following Federal Energy Regulatory Commission ("FERC") accounts:

- 501 Fuel (Steam)
- 547 Fuel (Other Production)
- 555 Purchased Power
- 565 Wheeling (Transmission of Electricity by Others)

These accounts are subject to change if the Federal Energy Regulatory Commission alters its accounting requirements or definitions.

B. Other Allowable Costs

- None without preapproval from the Commission in an Order.

TUCSON ELECTRIC POWER COMPANY

Schedule 1

Purchased Power and Fuel Adjustment Clause (PPFAC) Rate Calculation Effective April 1, 20XX
(\$/kWh)

Line No.	PPFAC Rate Calculation	Current April 1, 20XX ¹	Proposed April 1, 20XX	Increase / (Decrease) \$.000000/kWh	%
1	Forward Component Rate (Sch. 2, L12)	\$ -	\$ -	\$ -	0.00%
2	True Up Component Rate (Sch. 4, L5)	\$ -	\$ -	\$ -	0.00%
3	PPFAC Rate April 1, 20XX and 20XX (L1+L2)	\$ -	\$ -	\$ -	0.00%

Notes:

¹ See April 1, 20XX PPFAC Filing.

TUCSON ELECTRIC POWER COMPANY

Schedule 2

PPFAC Forward Component Rate Calculation Effective April 1, 20XX
(Forward Component Rate in \$/kWh)

Line No.	PPFAC Forward Component Rate - Calculation	Current April 1, 20XX ¹	Proposed April 1, 20XX	Increase / (Decrease) \$ Values	%
1	Projected PPFAC Fuel and Purchased Power Costs ²	\$ -	\$ -	\$ -	0.00%
2	Projected Short Term Sales Revenue Credit ^{2,3}	\$ -	\$ -	\$ -	0.00%
3	Projected Wholesale Trading Activities Credit ⁴	\$ -	\$ -	\$ -	0.00%
4	Projected SO2 Allowance Sales Credit ⁵	\$ -	\$ -	\$ -	0.00%
5	Net Fuel and Purchased Power Cost (L1+ L2 +L3 +L4)	\$ -	\$ -	\$ -	0.00%
6	Projected Native Load Energy Sales (kWhs)	0	0	0	0.00%
7	Projected Average Net Fuel Costs \$/kWh (L5/L6)	\$0	\$0	\$0	0.00%
8	Base Cost of Fuel and Purchased Power \$/kWh	\$ -	\$ -	\$ -	0.00%
9	Difference between Projected Cost & Base Cost (L7-L8)	\$ -	\$ -	\$ -	0.00%
10	Forward Component Costs (L6*L9)	\$ -	\$ -	\$ -	0.00%
11	Projected Energy Sales Less Low-Income Customer Sales (kWh)	0	0	0	0.00%
12	Forward Component Rate April 1, 20XX and 20XX \$/kWh (L10/ L11)	\$ -	\$ -	\$ -	0.00%

Notes:

¹ See April 1, 20XX PPFAC Filing.

² Excludes mark-to-market accounting adjustments.

³ Short Term Sales revenues are credited at 100% as approved by the Commission in Decision No. xxxxx

⁴ 10% of Wholesale Trading Activities credited against Fuel and Purchased Power Costs as approved by the Commission in Decision No. xxxxx

⁵ 50% of SO2 Allowance Sales credited against Fuel and Purchased Power Costs as approved by the Commission in Decision No. xxxxx

TUCSON ELECTRIC POWER COMPANY

Schedule 3

Forward Component Tracking Account - (PPFAC Prior Forward Component Rate in effect from Apr 1, 20XX to Mar 31, 20XX)
(\$ in thousands; Forward Component Rate and Base Rate in \$/kWh)

Line	Apr-0X	May-0X	Jun-0X	Jul-0X	Aug-0X	Sep-0X	Oct-0X	Nov-0X	Dec-0X	Jan-0X	Feb-0X	Mar-0X	Total
1 Prior Month Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Energy Sales													
2 Retail Native Load Energy Sales (MWh)	0	0	0	0	0	0	0	0	0	0	0	0	0
2.5 Retail Native Load Energy Sales Less Low-Income Sales (MWh)	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Retail Native Load Energy Sales including losses (MWh) ¹	0	0	0	0	0	0	0	0	0	0	0	0	0
4 Long Term Energy Sales (MWh)	0	0	0	0	0	0	0	0	0	0	0	0	0
5 Long Term Energy Sales including losses (MWh) ²	0	0	0	0	0	0	0	0	0	0	0	0	0
6 Total Native Load Energy Sales (MWh)	0	0	0	0	0	0	0	0	0	0	0	0	0
7 Total Native Load Energy Sales including losses (MWh)	0	0	0	0	0	0	0	0	0	0	0	0	0
Fuel and Purchased Power Costs													
8 Fuel and Purchased Power Costs ³	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9 Short Term Sales Revenue Credit ⁴	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10 Wholesale Trading Activities Credit ⁵	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11 SO ₂ Allowance Sales Credit ⁶	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12 Net Fuel and Purchased Power Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Base Fuel Rate & Forward Component Recovery													
13 PPFAC Retail Power Supply Costs	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
14 Base Rate Power Supply Recovery April 1, 2008 - Mar 31, 2009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15 Forward Component Recovery ⁷	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(Over)/Under Collections and Accrued Interest													
16 (Over)/Under Collections	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17 Interest ⁸	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18 Tracking Account Balance ⁹	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Notes:

- 1 Retail energy losses are the difference between billed retail energy sales and TEP's control area metered quantity.
- 2 Long Term Energy Sales losses calculated using applicable EHV loss percentage as defined in appropriate OATT
- 3 Includes total native load and short term fuel and purchased power excluding mark-to-market accounting adjustments.
- 4 Includes Short Term Sales Revenue at 100% per Decision xxxs excluding mark-to-market accounting adjustments.
- 5 10% of Wholesale Trading Activities net positive margins realized by TEP during the PPFAC year are credited annually against Fuel and Purchased Power Costs
- 6 50% of SO₂ Allowance Sales credited against Fuel and Purchased Power Costs
- 7 Forward Component Rates \$/kWh Effective Apr 1, 20XX to Mar 31, 20XX
- 8 Based on one-year Nominal Treasury Constant Maturity rate contained in the Federal Reserve Statistical Release, H-15 on the first business day of the calendar year.
- 9 Tracking Account Balance Line 18 carried to Schedule 4, Line 1.

Schedule presentation will appear to roundup \$'s and MWh's; however calculations are performed on an actual \$ and MWh basis with resultant Rates/kWh roundup to \$0.000000/kWh

TUCSON ELECTRIC POWER COMPANY

Schedule 4

PPFAC True Up Component Rate Calculation Effective April 1, 20XX

(True Up Component Rate in \$/kWh)

Line No.	PPFAC Historical Component Rate - Calculation	Current April 1, 20XX ¹	Proposed April 1, 20XX	Increase / (Decrease)	
				\$ Values	%
1	Forward Component Tracking Account Balance (From Schedule 3, L18, C1P) ^{2,3}	\$ -	\$ -	\$ -	0.00%
2	True Up Component Tracking Account Balance (From Schedule 5, L8) ⁴	\$ -	\$ -	\$ -	0.00%
3	Total True Up Amount to be (refunded)/Collected Balance (L1+L2) ⁵	\$ -	\$ -	\$ -	
4	Projected Native Load Energy Sales Less Low-Income Customer Sales (kWh)	0	0	-	0.00%
5	Applicable True Up Component Rate for Apr 1, 20XX & 20XX (\$/kWh) (L3 / L4)	\$ -	\$ -	\$ -	0.00%

Notes:

- ¹ See April 1, 20XX PPFAC Filing.
- ² Current Forward Component Tracking Account Balance as of filing
- ³ Includes interest for those months that are projected
- ⁴ Because the actual amount of revenue to be received in January, February, & March from application of the prior Applicable True Up Component is not available at the time of the Feb 1st filing, Schedule 5 will reflect estimates for those periods as well as true-up calculations for the prior period estimates, See Schedule 5 for more detail.
- ⁵ Beginning Balance as of April 1, 20XX - to be carried forward to subsequent period PPFAC, True Up Component Tracking account Balance, Schedule 5, L1.

TUCSON ELECTRIC POWER COMPANY

Schedule 5

True Up Component Tracking Account - Prior PPFAC True Up Component Rate in Effect April 1, 20XX through Mar 31, 20XX (\$ in thousands; rate in \$/kWh)

Line No.		20XX data											
		April	May	June	July	August	September	October	November	December	January	February	March
1a	TU Beginning Balance as of Apr. 1, 20XX ¹ and thereafter.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1b	FC tracking Account Balance as of March 31, 20XX	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Revenue True-up from January-March Estimate ²	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	TU Adjusted Beginning Balance (L1 + L2)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4	Applicable True Up Component Rate (\$/kWh)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	Retail Billed Sales Less Low-Income Sales (MWWh) ³	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	Less Revenue from Applicable TU (L4 x L5) ⁴	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	Monthly Interest (Line3 * Int Rate/12) ⁵	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	TU Ending Balance; (L3 - L6 + L7)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Notes:

¹ Beginning Balance as of April 1, 20XX - carried forward April 1, 20XX PPFAC Filing

² True-up is the result of using estimated revenue for January through March since the actual amount was not available at the time of prior period PPFAC filing - No true-up since no rate applied in Prior April 20XX Filing.

³ Sales amounts are for energy billed beginning with the first billing cycle of April 20XX.

⁴ Generally, Line 4 x Line 5 = Line 6; however, differences may occur due to billing adjustments.

⁵ Based on one-year Nominal Treasury Constant Maturities rate contained in the Federal Reserve Statistical Release, H-15 on the first business day of the calendar year.

X.XX%

Schedule presentation will appear to roundup \$'s and MWWhs; however calculations are performed on an actual \$ and MWWh basis with resultant Rates/kWh roundup to \$0.000000/kWh

**TUCSON ELECTRIC POWER COMPANY
RATE INCREASE PROPOSAL BY RATE SCHEDULE**

Line No.	Pricing Plans	Present and Proposed Rate Schedules	Adjusted TY Revenue (Excludes DSM & Includes CTC)	Proposed Revenue Increase	Total Proposed Revenue Requirement	Percentage Increase by Rate Schedule
			(A)	(B)	(A) + (B)	(B) / (A)
1	Lifeline	R-06 and R-08	\$13,071,130	0	\$13,071,130	0.0%
2	Residential Service	R-01	\$317,539,032	\$19,482,866	\$337,021,898	6.1%
3	Residential Water Heating - Frozen	R-02F (FROZEN) ⁽¹⁾	\$369,771	\$22,688	\$392,458	6.1%
4	Residential Time of Use	R-21F (FROZEN) ⁽¹⁾	\$3,968,356	\$243,482	\$4,211,838	6.1%
5	Residential Time of Use	R-70F (FROZEN) ⁽²⁾	\$5,051,329	\$309,928	\$5,361,257	6.1%
6	Special Residential Electric Service	R-201AF, R-201BF, R-201CF (FROZEN) ⁽²⁾	\$7,837,008	\$480,846	\$8,317,854	6.1%
7	RESIDENTIAL TOTAL		347,836,625	20,539,810	368,376,435	5.9%
8	General Service	GS-10	\$184,988,888	\$11,350,144	\$196,339,032	6.1%
9	General Service PRS	PRS-10	\$27,548	\$1,690	\$29,239	6.1%
10	General Service Time of Use	GS-76 (FROZEN) ⁽²⁾	\$11,697,293	\$717,697	\$12,414,990	6.1%
11	Interruptible Agricultural Pumping	GS-31	\$823,391	\$50,520	\$873,911	6.1%
12	General Service Mobile Home Parks	GS-11F (FROZEN) ⁽¹⁾	\$5,124,900	\$314,442	\$5,439,342	6.1%
13	Large General Service	GS-13	\$96,038,800	\$5,892,539	\$101,931,338	6.1%
14	Large General Service PRS	PRS-13	\$673,375	\$41,315	\$714,690	6.1%
15	Large General Service Time of Use	GS-85AF ⁽²⁾ and GS-85F ⁽¹⁾ (FROZEN)	\$9,028,082	\$553,925	\$9,582,008	6.1%
15	Large Light and Power	LLP-14	\$37,294,915	\$2,288,260	\$39,583,175	6.1%
16	Large Light and Power PRS	PRS-14	\$7,426,586	\$455,664	\$7,882,251	6.1%
17	Large Light and Power Time of Use	LLP-90AF ⁽²⁾ and LLP 90F ⁽¹⁾ (FROZEN)	\$14,084,031	\$864,137	\$14,948,168	6.1%
18	Mines	Contract	\$45,544,537	\$2,794,422	\$48,338,959	6.1%
19	Traffic Signals and Street Lighting	PS-41,P47	\$2,267,167	\$139,104	\$2,406,271	6.1%
20	Lighting	PS-50,GS-51	\$2,183,039	\$133,942	\$2,316,981	6.1%
21	Municipal Service	PS-40	\$8,096,168	\$496,747	\$8,592,915	6.1%
22	Municipal Water Pumping	PS-43	\$7,956,899	\$488,202	\$8,445,101	6.1%
23	TOTAL		\$781,092,244	\$47,122,562	\$828,214,806	6.0%

Notes:

(1) These pricing plans are frozen to existing and new subscription.

(2) These pricing plans are frozen to new subscription only



**Pricing Plan LLP-85N
Large General Service Time-of-Use**

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To all general power and lighting service unless otherwise addressed by specific rate schedules, when all energy is supplied at one point of delivery and through one metered service. Not applicable to resale, breakdown, standby, or auxiliary service.

Service under this pricing plan will commence when the appropriate meter has been installed.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

PRICE SCHEDULE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge	\$371.87 per month
Demand Charges (includes Generation Capacity):	
Summer On-peak	\$11.869 per kW
Summer Off-peak (applies to all off-peak demand bill determinates)	\$ 8.239 per kW
Winter On-peak	\$8.908 per kW
Winter Off-peak Demand (applies to all off-peak demand bill determinates)	\$ 6.418 per kW

Note:

1. For demand billing, "on-peak demand" shall be based on demand measured during both peak and shoulder peak periods.
2. For demand billing, "off-peak demand" shall be based on demand measured during the off-peak periods.
3. Unlike Schedules LLP Rates 85A, 85F, 90A, 90F, and 90N, the demand charges above are NOT excess demand charges; they apply to all Off-Peak kW, not just Off-Peak kW in excess of 150% of Peak kW.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LLP-85N
Effective: PENDING
Page No.: 1 of 6



Pricing Plan LLP-85N Large General Service Time-of-Use

Energy Charges (excluding Fuel and Purchased Power):

	Summer (May – October)	Winter (November - April)
On-Peak	\$0.007500	\$0.002500
Shoulder-Peak	\$0.005000	N/A
Off-Peak	\$0.002500	\$0.000000

The Summer periods below apply on all days for consumption-based (kWh-based charges) charges.

On-Peak is 2:00 p.m. to 6:00 p.m.

Shoulder-Peak is 12:00 p.m. (noon) to 2:00 p.m. and 6:00 p.m. to 8:00 p.m. (included with On-Peak for demand-based (kW-based) charges).

Off-Peak is 12:00 a.m. (midnight) to 12:00 p.m. (noon) and 8:00 p.m. to 12:00 a.m. (midnight)

The Winter periods below apply on all days for consumption-based (kWh-based charges) charges.

On-Peak is 6:00 a.m. to 10:00 a.m. and 5:00 p.m. to 9:00 p.m.

Shoulder-Peak: there are no shoulder peak periods in the winter.

Off-Peak is 12:00 a.m. (midnight) to 6:00 a.m., 10:00 a.m. to 5:00 p.m., and 9:00 p.m. to 12:00 a.m. (midnight)

Fuel and Purchased Power (per kWh):

	Summer (May – October)	Winter (November - April)
On-Peak	\$0.059253	\$0.036088
Shoulder-Peak	\$0.033588	N/A
Off-Peak	\$0.025299	\$0.027799

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

SHOULDER CONSUMPTION (kWh) IN OCTOBER

Any shoulder consumption (kWh) remaining from October usage shall be billed at the summer shoulder price in following billing months.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LLP-85N
Effective: PENDING
Page No.: 2 of 6



**Pricing Plan LLP-85N
Large General Service Time-of-Use**

BILLING DEMAND

For demand billing, on-peak demand shall be based on demand measured during both peak and shoulder peak periods.

The billing demand shall be specified in the contract, but shall not be less than 200 kW. Additionally, the On-Peak billing demand shall not be less than 50.00% of the maximum On-Peak billing demand in the preceding eleven months, unless otherwise specified in the contract.

PRIMARY SERVICE

The rates contained in this schedule reflect secondary service and shall be subject to a primary discount of 20.6 cents per kW per month (on the bundled rate, with the discount take from the unbundled kW delivery charge) on the billing demand each month.

POWER FACTOR ADJUSTMENT

The above rate is subject to a discount or a charge of 1.3¢ per kW of billing demand for each 1% the average monthly power factor is above or below 90% lagging to a maximum discount of 13.0¢ per kW of billing demand per month.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:**Customer Charges:**

Meter Services	\$223.13 per month
Meter Reading	\$ 18.59 per month
Billing & Collection	\$111.56 per month
Customer Delivery	\$ 18.59 per month

Demand Charges (\$/kW)

Generation Capacity Charges (in \$/kW)	
Summer On-peak	\$ 5.530 per kW
Summer Off-peak (applies to all off-peak demand bill determinates)	\$ 3.030 per kW
Winter On-peak	\$ 4.530 per kW
Winter Off-peak Demand (applies to all off-peak demand bill determinates)	\$ 2.030 per kW
Delivery Charges (in \$/kW)	
Summer On-peak	\$ 3.561 per kW
Summer Off-peak (applies to all off-peak demand bill determinates)	\$ 2.873 per kW

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

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Pricing Plan LLP-85N
Large General Service Time-of-Use

Winter On-peak	\$ 2.351 per kW
Winter Off-peak Demand (applies to all off-peak demand bill determinates)	\$ 2.363 per kW
Fixed Must Run Charges (in \$/kW)	
Summer & Winter; On-peak kW	\$ 0.315 per kW
Summer & Winter; Off-peak kW (applies to all off-peak demand bill determinates)	\$ 0.314 per kW
System Benefits Charges (in \$/kW)	
Summer & Winter; On-peak kW	\$ 0.043 per kW
Summer & Winter; Off-peak kW (applies to all off-peak demand bill determinates)	\$ 0.042 per kW
Transmission (in \$/kW)	
Summer On-peak Demand	\$ 1.887 per kW
Summer Off-peak Demand	\$ 1.544 per kW
Winter On-peak Demand	\$ 1.301 per kW
Winter Off-peak Demand	\$ 1.301 per kW
Transmission - Ancillary Services 1 System Control & Dispatch	
Summer On-peak Demand	\$ 0.026 per kW
Summer Off-peak Demand	\$ 0.021 per kW
Winter On-peak Demand	\$ 0.018 per kW
Winter Off-peak Demand	\$ 0.018 per kW
Transmission - Ancillary Services 2 Reactive Supply and Voltage Control	
Summer On-peak Demand	\$ 0.101 per kW
Summer Off-peak Demand	\$ 0.083 per kW
Winter On-peak Demand	\$ 0.070 per kW
Winter Off-peak Demand	\$ 0.070 per kW
Transmission - Ancillary Services 3 Regulation and Frequency Response	
Summer On-peak Demand	\$ 0.098 per kW
Summer Off-peak Demand	\$ 0.080 per kW
Winter On-peak Demand	\$ 0.067 per kW
Winter Off-peak Demand	\$ 0.067 per kW
Transmission - Ancillary Services 4 Spinning Reserve Service	
Summer On-peak Demand	\$ 0.265 per kW
Summer Off-peak Demand	\$ 0.217 per kW
Winter On-peak Demand	\$ 0.183 per kW

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Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

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Pricing Plan LLP-85N
Large General Service Time-of-Use

Winter Off-peak Demand	\$ 0.183 per kW
Transmission - Ancillary Services 5 Supplemental Reserve Service	
Summer On-peak Demand	\$ 0.043 per kW
Summer Off-peak Demand	\$ 0.035 per kW
Winter On-peak Demand	\$ 0.030 per kW
Winter Off-peak Demand	\$ 0.030 per kW

Energy Imbalance Service: currently charged pursuant to the Company's OATT.

Energy Charges (\$/kWh):

Delivery Charges (in \$/kWh):

	Summer (May – October)	Winter (November - April)
On-Peak	\$0.007500	\$0.002500
Shoulder-Peak	\$0.005000	N/A
Off-Peak	\$0.002500	\$0.000000

Fixed Must Run and Systems Benefits charges are recovered under demand components above.

Fuel and Purchased Power (per kWh):

	Summer (May – October)	Winter (November - April)
On-Peak	\$0.059253	\$0.036088
Shoulder-Peak	\$0.033588	N/A
Off-Peak	\$0.025299	\$0.027799

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LLP-85N
Effective: PENDING
Page No.: 5 of 6



**Pricing Plan LLP-85N
Large General Service Time-of-Use**

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LLP-85N
Effective: PENDING
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Pricing Plan LLP-90N
Large Light and Power Service Time-of-Use

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

CHARACTER OF SERVICE

Service shall be three phase, 60 Hertz, Primary Service, and shall be supplied directly from any 46,000 volt, or higher voltage, system at a delivery voltage of not less than 13,800 volts and delivered at a single point of delivery unless otherwise specified in the contract.

PRICE SCHEDULE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge \$500.00 per month

Demand Charges (includes Generation Capacity):

Summer On-peak	\$20.030 per kW
Summer Off-peak Excess Demand	\$10.030 per kW
Winter On-peak	\$15.030 per kW
Winter Off-peak Excess Demand	\$ 7.530 per kW

Note:

1. For demand billing, "on-peak demand" shall be based on demand measured during both peak and shoulder peak periods.
2. Excess off-peak demand is defined as that positive amount (if any) by which off-peak billing demand exceeds 150% of "on-peak demand" - where "on-peak demand" includes peak and shoulder peak periods.

Energy Charges (excluding Fuel and Purchased Power):

	Summer (May – October)	Winter (November - April)
On-Peak	\$0.001113	\$0.000723
Shoulder-Peak	\$0.001113	N/A
Off-Peak	\$0.000716	\$0.000521

Fuel and Purchased Power (per kWh):

	Summer (May – October)	Winter (November - April)
On-Peak	\$0.041786	\$0.027126
Shoulder-Peak	\$0.041786	N/A
Off-Peak	\$0.026872	\$0.019542

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Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LLP-90N
Effective: PENDING
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Pricing Plan LLP-90N Large Light and Power Service Time-of-Use

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

The Summer periods below apply on all days for consumption-based (kWh-based charges) charges.

On-Peak is 2:00 p.m. to 6:00 p.m.

Shoulder-Peak is 12:00 p.m. (noon) to 2:00 p.m. and 6:00 p.m. to 8:00 p.m. (included with On-Peak for demand-based (kW-based) charges).

Off-Peak is 12:00 a.m. (midnight) to 12:00 p.m. (noon) and 8:00 p.m. to 12:00 a.m. (midnight)

The Winter periods below apply on all days for consumption-based (kWh-based charges) charges.

On-Peak is 6:00 a.m. to 10:00 a.m. and 5:00 p.m. to 9:00 p.m.

Shoulder-Peak: there are no shoulder peak periods in the winter.

Off-Peak is 12:00 a.m. (midnight) to 6:00 a.m., 10:00 a.m. to 5:00 p.m., and 9:00 p.m. to 12:00 a.m. (midnight)

SHOULDER CONSUMPTION (kWh) IN OCTOBER

Any shoulder consumption (kWh) remaining from October usage shall be billed at the summer shoulder price in following billing months.

BILLING DEMAND

For demand billing, on-peak demand shall be based on demand measured during both peak and shoulder peak periods.

The billing demand shall be specified in the contract, but shall not be less than 3,000 kW. Additionally, the On-Peak billing demand shall not be less than 50.00% of the maximum On-Peak billing demand in the preceding eleven months, unless otherwise specified in the contract.

Excess off-peak demand is defined as that positive amount (if any) by which off-peak billing demand exceeds 150% of on-peak period demand - where "on-peak" includes peak and shoulder peak periods.

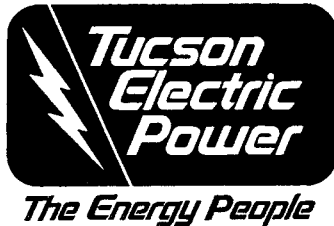
In the event that excess off-peak demand occurs, excess off-peak demand shall be billed at the off-peak excess demand price.

PRIMARY SERVICE

The above rate is subject to Primary Service and Metering. The Customer will provide the entire distribution system (including transformers) from the point of delivery to the load. The energy and demand shall be metered on primary side of transformers

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District: Entire Electric Service Area

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Effective: PENDING
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Pricing Plan LLP-90N Large Light and Power Service Time-of-Use

POWER FACTOR ADJUSTMENT

The above rate is subject to a discount or a charge of 1.3¢ per kW of billing demand for each 1% the average monthly power factor is above or below 90% lagging to a maximum discount of 13.0¢ per kW of billing demand per month.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$300.00 per month
Meter Reading	\$025.00 per month
Billing & Collection	\$150.00 per month
Customer Delivery	\$ 25.00 per month

Demand Charges (\$/kW)

Generation Capacity Charges (in \$/kW)

Summer On-peak	\$13.977 per kW
Summer Off-peak Excess Demand	\$ 4.841 per kW
Winter On-peak	\$10.058 per kW
Winter Off-peak Excess Demand	\$ 3.422 per kW

Fixed Must Run Charges (in \$/kW)

Summer & Winter On-peak	\$ 1.728 per kW
Summer & Winter Off-peak Excess Demand	\$ 0.864 per kW

Transmission (in \$/kW)

Summer On-peak Demand & Off-peak Excess Demand(kW)	\$ 3.374 per kW
Winter On-peak Demand & Off-peak Excess Demand (kW)	\$ 2.531 per kW

Transmission - Ancillary Services 1 System Control & Dispatch

Summer On-peak Demand & Off-peak Excess Demand(kW)	\$ 0.046 per kW
Winter On-peak Demand & Off-peak Excess Demand (kW)	\$ 0.034 per kW

Transmission - Ancillary Services 2 Reactive Supply and Voltage Control

Summer On-peak Demand & Off-peak Excess Demand(kW)	\$ 0.180 per kW
Winter On-peak Demand & Off-peak Excess Demand (kW)	\$ 0.135 per kW

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Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

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Pricing Plan LLP-90N Large Light and Power Service Time-of-Use

Transmission - Ancillary Services 3 Regulation and Frequency Response	
Summer On-peak Demand & Off-peak Excess Demand(kW)	\$ 0.175 per kW
Winter On-peak Demand & Off-peak Excess Demand (kW)	\$ 0.131 per kW
Transmission - Ancillary Services 4 Spinning Reserve Service	
Summer On-peak Demand & Off-peak Excess Demand(kW)	\$ 0.473 per kW
Winter On-peak Demand & Off-peak Excess Demand (kW)	\$ 0.355 per kW
Transmission - Ancillary Services 5 Supplemental Reserve Service	
Summer On-peak Demand & Off-peak Excess Demand(kW)	\$ 0.077 per kW
Winter On-peak Demand & Off-peak Excess Demand (kW)	\$ 0.058 per kW

Energy Imbalance Service: currently charged pursuant to the Company's OATT.

Energy Charges (\$/kWh):

Delivery Charges (in \$/kWh) excluding Systems Benefits Charges: \$0.000433 per kWh

	Summer (May – October)	Winter (November - April)
On-Peak	\$0.000680	\$0.000290
Shoulder-Peak	\$0.000680	N/A
Off-Peak	\$0.000283	\$0.000088

System Benefits Charges (in \$/kWh) \$0.000433 per kWh

Fuel and Purchased Power Charges (in \$/kWh):

	Summer (May – October)	Winter (November - April)
On-Peak	\$0.041786	\$0.027126
Shoulder-Peak	\$0.041786	N/A
Off-Peak	\$0.026872	\$0.019542

DIRECT ACCESS

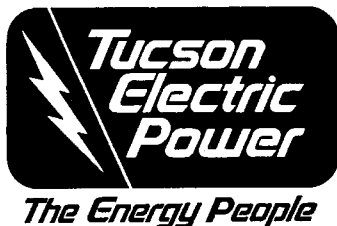
A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LLP-90N
Effective: PENDING
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Pricing Plan LLP-90N Large Light and Power Service Time-of-Use

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

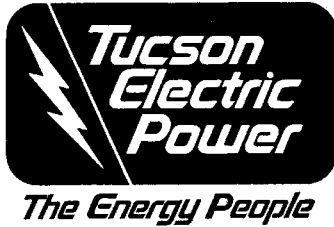
The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

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Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LLP-90N
Effective: PENDING
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Pricing Plan R-01 Residential Electric Service

AVAILABILITY

Throughout the entire area where facilities of the Company are of adequate capacity and are adjacent to the premise.

APPLICABILITY

To all single phase or three phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter; however, electric water heating may be metered separately.

Not applicable to resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service	\$ 7.00 per month
Customer Charge, Three Phase service	\$13.00 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charges

	Summer (May – October)	Winter (November - April)
First 500 kWh	\$0.046925	\$0.047309
Next 3,000 kWh	\$0.068960	\$0.067309
3,501 kWh and above	\$0.088960	\$0.087309

Fuel and Purchased Power:

Summer, all kWhs	\$0.033198 per kWh
Winter, all kWhs	\$0.025698 per kWh

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-01
Effective: PENDING
Page No.: 1 of 3



Pricing Plan R-01 Residential Electric Service

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$1.40 per month
Note: Additional meter service charge of \$6.00 per month for Three Phase Service.	

Energy Charges (kWh):

Delivery Charges

	Summer (May – October)	Winter (November - April)
First 500 kWh	\$0.000025	\$0.003076
Next 3,000 kWh	\$0.022060	\$0.023076
3,501 kWh and above	\$0.042060	\$0.043076

Generation Capacity

Summer	\$0.032938 per kWh
Winter	\$0.030271 per kWh

Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh

Transmission	\$0.007525 per kWh
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Transmission Ancillary Services

System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Fuel and Purchased Power:

Summer	\$0.033198 per kWh
Winter	\$0.025698 per kWh

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

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Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-01
Effective: PENDING
Page No.: 2 of 3



Pricing Plan R-01 Residential Electric Service

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-01
Effective: PENDING
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Revised Settlement Exhibit No. 8
Pricing Plan LLP-14
Large Light and Power Service

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

CHARACTER OF SERVICE

Service shall be three phase, 60 Hertz, Primary Service, and shall be supplied directly from any 46,000 volt, or higher voltage, system at a delivery voltage of not less than 13,000 volts and delivered at a single point of delivery unless otherwise specified in the contract.

PRICE SCHEDULE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge	\$500.00 per month
Demand Charge (Includes Generation Capacity):	\$19.024 per kW of Billing Demand per month
<u>Energy Charges:</u>	
Energy Charge (excluding Fuel & Purchase Power:	\$0.000433 per kWh
<u>Fuel & Purchase Power</u>	
Summer, all kWhs	\$0.032577 per kWh
Winter, all kWhs	\$0.025077 per kWh

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

BILLING DEMAND

The billing demand shall be specified in the contract, but shall not be less than 3,000 kW. Additionally, the On-Peak billing demand shall not be less than 66.7% of the maximum On-Peak billing demand in the preceding eleven (11) months, unless otherwise specified in the contract.

PRIMARY SERVICE

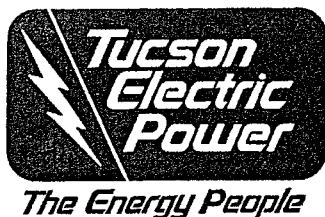
The above rate is subject to Primary Service and Metering. The Customer will provide the entire distribution system (including transformers) from the point of delivery to the load. The energy and demand shall be metered on primary side of transformers

POWER FACTOR ADJUSTMENT

The above rate is subject to a discount or a charge of 1.3¢ per kW of billing demand for each 1% the average monthly power factor is above or below 90% lagging to a maximum discount of 13.0¢ per kW of billing demand per month.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LLP-14
Effective: PENDING
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Pricing Plan LLP-14 Large Light and Power Service

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$300.00 per month
Meter Reading	\$025.00 per month
Billing & Collection	\$150.00 per month
Customer Delivery	\$025.00 per month

Demand Charges:

Generation Capacity	\$12.832 per kW per month
Fixed Must-Run	\$01.862 per kW per month
Transmission	\$03.378 per kW per month

Transmission Ancillary Services

System Control & Dispatch	\$0.046 per kW per month
Reactive Supply and Voltage Control	\$0.180 per kW per month
Regulation and Frequency Response	\$0.175 per kW per month
Spinning Reserve Service	\$0.474 per kW per month
Supplemental Reserve Service	\$0.077 per kW per month
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Energy Charges:

System Benefits	\$0.000433 per kWh
Fuel and Purchased Power:	
Summer, all kWhs	\$0.032577 per kWh
Winter, all kWhs	\$0.025077 per kWh

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LLP-14
Effective: PENDING
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Pricing Plan LLP-14 Large Light and Power Service

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

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Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LLP-14
Effective: PENDING
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Pricing Plan R-70N-B
Residential Time-of-Use – Weekend Includes Shoulder

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To all general power and lighting service unless otherwise addressed by specific rate schedules, when all energy is supplied at one point of delivery and through one metered service. Not applicable to resale, breakdown, standby, or auxiliary service. Service under this pricing plan will commence when the appropriate meter has been installed.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

PRICE SCHEDULE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service \$ 8.00 per month

Customer Charge, Three Phase service \$14.00 per month

Energy Charges:

SUMMER (May – October)	On-Peak	Shoulder-Peak	Off-Peak
First 500 kWh	\$0.079947	\$0.050121	\$0.041217
Next 3,000 kWh	\$0.096571	\$0.070121	\$0.057841
Over 3,500 kWh	\$0.116571	\$0.090121	\$0.077841

Summer TOU periods:

Weekdays except Memorial Day, Independence Day (July 4), and Labor Day. If Independence Day falls on Saturday, the Weekend schedule applies on the preceeding Friday, July 3. If Independence Day falls on Sunday, the Weekend schedule applies on the following Monday, July 5.

On-Peak: 2:00 p.m. to 6:00 p.m.

Shoulder-Peak 12:00 p.m. (noon) to 2:00 p.m. and 6:00 p.m. to 8:00 p.m.

Off-Peak: 12:00 a.m. (midnight) to 12 p.m (noon) and 8:00 p.m. to 12:00 a.m. (midnight)

Weekends (Saturday and Sunday), Memorial Day, Independence Day (or July 3 or July 5, under above conditions), and Labor Day.

On-Peak: (There are no On-Peak weekend hours).

Shoulder-Peak 2:00 p.m. to 8:00 p.m.

Off-Peak 12:00 a.m. (midnight) to 2 p.m. and 8:00 p.m. to 12:00 a.m. (midnight)

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-70N-B
Effective: PENDING
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Pricing Plan R-70N-B
Residential Time-of-Use – Weekend Includes Shoulder

WINTER (November – April)	On-Peak	Off-Peak
First 500 kWh	\$0.067066	\$0.037066
Next 3,000 kWh	\$0.085478	\$0.055478
Over 3,500 kWh	\$0.105478	\$0.075478

Winter TOU periods:

Weekdays except Thanksgiving Day, Christmas Day, and New Years Day. If Christmas Day and New Years Day fall on Saturdays, the Weekend schedule applies on the preceeding Fridays, December 24 and December 31. If Christmas Day and New Years Day fall on Sundays, the Weekend schedule applies on the following Mondays, December 26 and January 2.

On-Peak is 6:00 a.m. to 10:00 a.m. and 5:00 p.m. to 9:00 p.m.

Shoulder-Peak: *(There are no Shoulder Peak periods in the winter)*

Off-Peak is 12:00 a.m. (midnight) to 6:00 a.m., 10:00 a.m. to 5:00 p.m., and 9:00 p.m. to 12:00 a.m. (midnight)

Weekends (Saturday and Sunday), Thanksgiving Day, Christmas Day (or December 24 or December 26, under above conditions), and New Years Day (or December 31 or January 2, under above conditions).

On-Peak is 5:00 p.m. to 9:00 p.m.

Shoulder-Peak: *(There are no Shoulder Peak periods in the winter)*

Off-Peak is 12:00 a.m. (midnight) to 5:00 p.m., and 9:00 p.m. to 12:00 a.m. (midnight)

Calculation of Tiered (Block) Usage by TOU Period:

Step 1: Calculate percent usage by TOU period.

Step 2: Calculate the kWh usage by tier (block).

Step 3: Multiply percent usage by TOU period by kWh usage by tier to obtain tiered usage by TOU period.

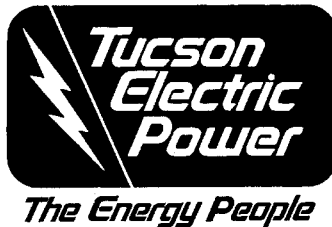
Example: A customer using 2,000 kWh in a month, with 20% peak usage, 25% shoulder usage, and 55% off-peak usage will have 100 kWh in peak 1st tier, 300 kWh in peak 2nd tier, 125 kWh in shoulder 1st tier, 375 kWh in shoulder 2nd tier, 275 kWh in off-peak 1st tier, and 825 kWh in off-peak 2nd tier.

Fuel and Purchased Power - Base cost (per kWh):

Summer On-Peak	\$0.055440
Summer Shoulder-Peak	\$0.034876
Summer Off-Peak	\$0.019865
Winter On-Peak	\$0.042874
Winter Off-Peak	\$0.025086

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-70N-B
Effective: PENDING
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Pricing Plan R-70N-B Residential Time-of-Use – Weekend Includes Shoulder

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$2.40 per month
Note: Additional meter service charge of \$6.00 per month for Three Phase Service.	

Energy Charges:

Delivery:

((NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.):

DELIVERY SUMMER (May – October)	On-Peak	Shoulder-Peak	Off-Peak
First 500 kWh	\$0.010526	(\$0.000900)	(\$0.001396)
Next 3,000 kWh	\$0.027150	\$0.019100	\$0.015228
Over 3,500 kWh	\$0.047150	\$0.039100	\$0.035228

DELIVERY WINTER (November – April)	On-Peak	Off-Peak
First 500 kWh	\$0.009623	(\$0.003317)
Next 3,000 kWh	\$0.028035	\$0.015095
Over 3,500 kWh	\$0.048035	\$0.035095

Fixed Must-Run (See Must-Run Generation – Rider No. 2) \$0.003849 per kWh

System Benefits \$0.000468 per kWh

Transmission \$0.007525 per kWh

Transmission / Ancillary Services

System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-70N-B
Effective: PENDING
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Pricing Plan R-70N-B
Residential Time-of-Use – Weekend Includes Shoulder

Energy Imbalance Service: currently charged pursuant to the Company's OATT.

Generation Charges:

Generation Capacity (per kWh):

Summer On-Peak	\$0.055459
Summer Shoulder-Peak	\$0.037059
Summer Off-Peak	\$0.028651
Winter On-Peak	\$0.043481
Winter Off-Peak	\$0.026421

Fuel and Purchased Power - Base cost (per kWh):

Summer On-Peak	\$0.055440
Summer Shoulder-Peak	\$0.034876
Summer Off-Peak	\$0.019865
Winter On-Peak	\$0.042874
Winter Off-Peak	\$0.025086

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-70N-B
Effective: PENDING
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Pricing Plan R-70N-B
Residential Time-of-Use – Weekend Includes Shoulder

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-70N-B
Effective: PENDING
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Pricing Plan R-70N-C
Residential Time-of-Use – Weekend Includes Super-Peak

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To all general power and lighting service unless otherwise addressed by specific rate schedules, when all energy is supplied at one point of delivery and through one metered service. Not applicable to resale, breakdown, standby, or auxiliary service. Service under this pricing plan will commence when the appropriate meter has been installed.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

PRICE SCHEDULE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service \$ 8.00 per month

Customer Charge, Three Phase service \$14.00 per month

Energy Charges:

SUMMER (May – October)	On-Peak	Shoulder-Peak	Off-Peak
First 500 kWh	\$0.077356	\$0.049507	\$0.038229
Next 3,000 kWh	\$0.096354	\$0.069507	\$0.057227
Over 3,500 kWh	\$0.116354	\$0.089507	\$0.077227

Summer TOU periods:

Weekdays except Memorial Day, Independence Day (July 4), and Labor Day. If Independence Day falls on Saturday, the Weekend schedule applies on the preceeding Friday, July 3. If Independence Day falls on Sunday, the Weekend schedule applies on the following Monday, July 5.

On-Peak: 2:00 p.m. to 6:00 p.m.
Shoulder-Peak 12:00 p.m. (noon) to 2:00 p.m. and 6:00 p.m. to 8:00 p.m.
Off-Peak: 12:00 a.m. (midnight) to 12 p.m (noon) and 8:00 p.m. to 12:00 a.m. (midnight)

Weekends (Saturday and Sunday), Memorial Day, Independence Day (or July 3 or July 5, under above conditions), and Labor Day.

On-Peak: 2:00 p.m. to 6:00 p.m.
Shoulder-Peak *(There are no Shoulder-peak weekend hours)*
Off-Peak 12:00 a.m. (midnight) to 2 p.m. and 6:00 p.m. to 12:00 a.m. (midnight)

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-70N-C
Effective: PENDING
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Pricing Plan R-70N-C
Residential Time-of-Use – Weekend Includes Super-Peak

WINTER (November – April)	On-Peak	Off-Peak
First 500 kWh	\$0.066452	\$0.036452
Next 3,000 kWh	\$0.084864	\$0.054864
Over 3,500 kWh	\$0.104864	\$0.074864

Winter TOU periods:

Weekdays except Thanksgiving Day, Christmas Day, and New Years Day. If Christmas Day and New Years Day fall on Saturdays, the Weekend schedule applies on the preceeding Fridays, December 24 and December 31. If Christmas Day and New Years Day fall on Sundays, the Weekend schedule applies on the following Mondays, December 26 and January 2.

On-Peak is 6:00 a.m. to 10:00 a.m. and 5:00 p.m. to 9:00 p.m.

Shoulder-Peak: *(There are no Shoulder Peak periods in the winter)*

Off-Peak is 12:00 a.m. (midnight) to 6:00 a.m., 10:00 a.m. to 5:00 p.m., and 9:00 p.m. to 12:00 a.m. (midnight)

Weekends (Saturday and Sunday), Thanksgiving Day, Christmas Day (or December 24 or December 26, under above conditions), and New Years Day (or December 31 or January 2, under above conditions).

On-Peak is 5:00 p.m. to 9:00 p.m.

Shoulder-Peak: *(There are no Shoulder Peak periods in the winter)*

Off-Peak is 12:00 a.m. (midnight) to 5:00 p.m., and 9:00 p.m. to 12:00 a.m. (midnight)

Fuel and Purchased Power - Base cost (per kWh):

Summer On-Peak	\$0.054330
Summer Shoulder-Peak	\$0.034177
Summer Off-Peak	\$0.019467
Winter On-Peak	\$0.042015
Winter Off-Peak	\$0.024584

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-70N-C
Effective: PENDING
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Pricing Plan R-70N-C

Residential Time-of-Use – Weekend Includes Super-Peak

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$2.40 per month
Note: Additional meter service charge of \$6.00 per month for Three Phase Service.	

Energy Charges:

Delivery:

((NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.):

DELIVERY SUMMER (May – October)	On-Peak	Shoulder-Peak	Off-Peak
First 500 kWh	\$0.009938	(\$0.001547)	(\$0.001917)
Next 3,000 kWh	\$0.028936	\$0.018453	\$0.017081
Over 3,500 kWh	\$0.048936	\$0.038453	\$0.037081

DELIVERY WINTER (November – April)	On-Peak	Off-Peak
First 500 kWh	\$0.008866	(\$0.003779)
Next 3,000 kWh	\$0.027278	\$0.014633
Over 3,500 kWh	\$0.047278	\$0.034633

Fixed Must-Run (See Must-Run Generation – Rider No. 2) \$0.003849 per kWh

System Benefits \$0.000468 per kWh

Transmission \$0.007525 per kWh

Transmission / Ancillary Services

System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Filed By: Raymond S. Heyman
 Title: Senior Vice President, General Counsel
 District: Entire Electric Service Area

Tariff No.: R-70N-C
 Effective: PENDING
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Pricing Plan R-70N-C Residential Time-of-Use – Weekend Includes Super-Peak

Generation Charges:

Generation Capacity (per kWh):

Summer On-Peak	\$0.053456
Summer Shoulder-Peak	\$0.037092
Summer Off-Peak	\$0.026184
Winter On-Peak	\$0.043624
Winter Off-Peak	\$0.026269

Fuel and Purchased Power - Base cost (per kWh):

Summer On-Peak	\$0.054330
Summer Shoulder-Peak	\$0.034177
Summer Off-Peak	\$0.019467
Winter On-Peak	\$0.042015
Winter Off-Peak	\$0.024584

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

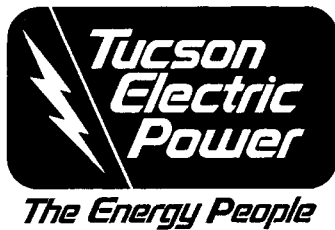
To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-70N-C
Effective: PENDING
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Pricing Plan R-70N-C
Residential Time-of-Use – Weekend Includes Super-Peak

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-70N-C
Effective: PENDING
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Pricing Plan R-70N-D
Residential Time-of-Use – Weekend Entirely Off-Peak

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To all general power and lighting service unless otherwise addressed by specific rate schedules, when all energy is supplied at one point of delivery and through one metered service. Not applicable to resale, breakdown, standby, or auxiliary service. Service under this pricing plan will commence when the appropriate meter has been installed.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

PRICE SCHEDULE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service \$ 8.00 per month

Customer Charge, Three Phase service \$14.00 per month

Energy Charges:

SUMMER (May – October)	On-Peak	Shoulder-Peak	Off-Peak
First 500 kWh	\$0.091873	\$0.049814	\$0.042073
Next 3,000 kWh	\$0.107334	\$0.069814	\$0.057534
Over 3,500 kWh	\$0.127334	\$0.089814	\$0.077534

Summer TOU periods:

Weekdays except Memorial Day, Independence Day (July 4), and Labor Day. If Independence Day falls on Saturday, the Weekend schedule applies on the preceeding Friday, July 3. If Independence Day falls on Sunday, the Weekend schedule applies on the following Monday, July 5.

On-Peak: 2:00 p.m. to 6:00 p.m.

Shoulder-Peak 12:00 p.m. (noon) to 2:00 p.m. and 6:00 p.m. to 8:00 p.m.

Off-Peak: 12:00 a.m. (midnight) to 12 p.m (noon) and 8:00 p.m. to 12:00 a.m. (midnight)

Weekends (Saturday and Sunday), Memorial Day, Independence Day (or July 3 or July 5, under above conditions), and Labor Day.

On-Peak: (There are no On-Peak weekend hours)

Shoulder-Peak (There are no Shoulder-Peak weekend hours)

Off-Peak All hours.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-70N-D
Effective: PENDING
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Pricing Plan R-70N-D
Residential Time-of-Use – Weekend Entirely Off-Peak

WINTER (November – April)	On-Peak	Off-Peak
First 500 kWh	\$0.068737	\$0.038737
Next 3,000 kWh	\$0.085171	\$0.055171
Over 3,500 kWh	\$0.105171	\$0.075171

Winter TOU periods:

Weekdays except Thanksgiving Day, Christmas Day, and New Years Day. If Christmas Day and New Years Day fall on Saturdays, the Weekend schedule applies on the preceeding Fridays, December 24 and December 31. If Christmas Day and New Years Day fall on Sundays, the Weekend schedule applies on the following Mondays, December 26 and January 2.

On-Peak is 6:00 a.m. to 10:00 a.m. and 5:00 p.m. to 9:00 p.m.

Shoulder-Peak: there are no shoulder peak periods in the winter.

Off-Peak is 12:00 a.m. (midnight) to 6:00 a.m., 10:00 a.m. to 5:00 p.m., and 9:00 p.m. to 12:00 a.m. (midnight)

Weekends (Saturday and Sunday), Thanksgiving Day, Christmas Day (or December 24 or December 26, under above conditions), and New Years Day (or December 31 or January 2, under above conditions).

On-Peak: (There are no On-Peak weekend hours)

Shoulder-Peak (There are no Shoulder-Peak weekend hours)

Off-Peak All hours.

Fuel and Purchased Power - Base cost (per kWh):

Summer On-Peak	\$0.058271
Summer Shoulder-Peak	\$0.036656
Summer Off-Peak	\$0.020880
Winter On-Peak	\$0.045063
Winter Off-Peak	\$0.026368

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-70N-D
Effective: PENDING
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Pricing Plan R-70N-D Residential Time-of-Use – Weekend Entirely Off-Peak

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$2.40 per month
Note: Additional meter service charge of \$6.00 per month for Three Phase Service.	

Energy Charges:

Delivery:

((NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.);

DELIVERY SUMMER (May – October)	On-Peak	Shoulder-Peak	Off-Peak
First 500 kWh	\$0.022190	(\$0.000534)	(\$0.001075)
Next 3,000 kWh	\$0.037651	\$0.019466	\$0.014386
Over 3,500 kWh	\$0.057651	\$0.039466	\$0.034386

DELIVERY WINTER (November – April)	On-Peak	Off-Peak
First 500 kWh	\$0.010124	(\$0.002989)
Next 3,000 kWh	\$0.026558	\$0.013445
Over 3,500 kWh	\$0.046558	\$0.033445

Fixed Must-Run (See Must-Run Generation – Rider No. 2) \$0.003849 per kWh

System Benefits \$0.000468 per kWh

Transmission \$0.007525 per kWh

Transmission / Ancillary Services

System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-70N-D
Effective: PENDING
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Pricing Plan R-70N-D
Residential Time-of-Use – Weekend Entirely Off-Peak

Generation Charges:

Generation Capacity (per kWh):

Summer On-Peak	\$0.055721
Summer Shoulder-Peak	\$0.036386
Summer Off-Peak	\$0.029186
Winter On-Peak	\$0.044651
Winter Off-Peak	\$0.027764

Fuel and Purchased Power - Base cost (per kWh):

Summer On-Peak	\$0.058271
Summer Shoulder-Peak	\$0.036656
Summer Off-Peak	\$0.020880
Winter On-Peak	\$0.045063
Winter Off-Peak	\$0.026368

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-70N-D
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Pricing Plan R-70N-D
Residential Time-of-Use – Weekend Entirely Off-Peak

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-70N-D
Effective: PENDING
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**Pricing Plan R-201AN
Special Residential Electric Service**

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To single phase or three phase (Option A only) (subject to availability at point of delivery) electric service in individual residences as described in current program details when all service is supplied at one point of delivery and energy is metered through one meter. Additionally, this Schedule requires that the customer use exclusively the Company's service for all space heating and all water heating energy requirements except as provided below and that the customer's home conform to the standards of the Heating, Cooling and Comfort Guarantee program as in effect at the time of subscription to this Schedule. Notwithstanding the above, the customer's use of solar energy for any purpose shall not preclude subscription to this pricing plan.

Not applicable to resale, breakdown, temporary, standby, or auxiliary service or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service \$ 7.00 per month

Customer Charge, Three Phase service \$14.00 per month

Energy Charges:

Delivery Charges

	Mid-Summer (June - August)	Remaining Summer (May, September - October)	Winter (November - April)
First 500 kWh	\$0.065598	\$0.022737	\$0.020737
Next 3,000 kWh	\$0.085598	\$0.042737	\$0.040737
Over 3,500 kWh	\$0.105598	\$0.062737	\$0.060737

Filed By: Raymond S. Heyman
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District: Entire Electric Service Area

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Pricing Plan R-201AN Special Residential Electric Service

Fuel and Purchased Power - Base cost (per kWh)

Mid-Summer	\$0.043166
Remaining-Summer	\$0.023166
Winter	\$0.027033

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$1.510 per month
Meter Reading	\$0.800 per month
Billing & Collection	\$3.290 per month
Customer Delivery	\$1.400 per month
Note: Additional meter service charge of \$6.000 per month for Three Phase Service.	

Energy Charges

Delivery Charges

((NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.):

	Mid-Summer (June – August)	Remaining Summer (May, September – October)	Winter (November - April)
First 500 kWh	\$0.008275	\$0.006275	\$0.004275
Next 3,000 kWh	\$0.028275	\$0.026275	\$0.024275
Over 3,500 kWh	\$0.048275	\$0.046275	\$0.044275

Fixed Must-Run (See Must-Run Generation – Rider No. 2)	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh

Transmission	\$0.007525 per kWh
Transmission / Ancillary Services	
System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

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Pricing Plan R-201AN Special Residential Electric Service

Generation Charges:

Generation Capacity (per kWh):

Mid-Summer	\$0.043361
Remaining-Summer	\$0.002500
Winter	\$0.002500

Fuel and Purchased Power - Base cost (per kWh):

Mid-Summer	\$0.043166
Remaining-Summer	\$0.023166
Winter	\$0.027033

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

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**Pricing Plan R-201BN
Special Residential Electric Service**

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To single phase (subject to availability at point of delivery) electric service in individual residences as described in current program details when all service is supplied at one point of delivery and energy is metered through one meter. Additionally, this Schedule requires that the customer use exclusively the Company's service for all space heating and all water heating energy requirements except as provided below and that the customer's home conform to the standards of the Heating, Cooling and Comfort Guarantee program as in effect at the time of subscription to this Schedule. Notwithstanding the above, the customer's use of solar energy for any purpose shall not preclude subscription to this pricing plan.

Not applicable to resale, breakdown, temporary, standby, or auxiliary service or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

Customers must stay on pricing plan R-201BF for a minimum period of one (1) year. A Customer, at his/her discretion and after being served for a twelve (12) month period of this pricing plan, may opt to switch service to the non-time-of-use R-201 pricing plan of R-201AN. The Company shall refund to the Customer any excess moneys paid in total over the entire twelve months under pricing plan R201BF, that would not have been paid under pricing plan R-201AN. A Customer shall be eligible to receive such a refund of excess moneys on a single occasion only.

CHARACTER OF SERVICE

Single phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service \$ 8.00 per month

Customer Charge, Three Phase service \$14.00 per month

Energy Charges:

Delivery Charges

Mid-Summer (June - August)	On-Peak	Shoulder-Peak	Off-Peak
First 500 kWh	\$0.110962	\$0.043962	\$0.020362
Next 3,000 kWh	\$0.130962	\$0.063962	\$0.040362
Over 3,500 kWh	\$0.150962	\$0.083962	\$0.060362

Delivery Charges

Remaining Summer			
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Pricing Plan R-201BN Special Residential Electric Service

(May, September – October)	On-Peak	Shoulder-Peak	Off-Peak
First 500 kWh	\$0.047962	\$0.024162	\$0.016462
Next 3,000 kWh	\$0.067962	\$0.044162	\$0.036462
Over 3,500 kWh	\$0.087962	\$0.064162	\$0.056462

Mid-Summer and Remaining Summer TOU periods:

Weekdays except Memorial Day, Independence Day (July 4), and Labor Day. If Independence Day falls on Saturday, the Weekend schedule applies on the preceeding Friday, July 3. If Independence Day falls on Sunday, the Weekend schedule applies on the following Monday, July 5.

On-Peak: 2:00 p.m. to 6:00 p.m.
Shoulder-Peak 12:00 p.m. (noon) to 2:00 p.m. and 6:00 p.m. to 8:00 p.m.
Off-Peak: 12:00 a.m. (midnight) to 12 p.m (noon) and 8:00 p.m. to 12:00 a.m. (midnight)

Weekends (Saturday and Sunday), Memorial Day, Independence Day (or July 3 or July 5, under above conditions), and Labor Day.

On-Peak: (There are no On-Peak weekend hours)
Shoulder-Peak (There are no Shoulder-Peak weekend hours)
Off-Peak All hours.

Delivery Charges

WINTER (November – April)	On-Peak	Off-Peak
First 500 kWh	\$0.047962	\$0.016462
Next 3,000 kWh	\$0.067962	\$0.036462
Over 3,500 kWh	\$0.087962	\$0.056462

Winter TOU periods:

Weekdays except Thanksgiving Day, Christmas Day, and New Years Day. If Christmas Day and New Years Day fall on Saturdays, the Weekend schedule applies on the preceeding Fridays, December 24 and December 31. If Christmas Day and New Years Day fall on Sundays, the Weekend schedule applies on the following Mondays, December 26 and January 2.

On-Peak is 6:00 a.m. to 10:00 a.m. and 5:00 p.m. to 9:00 p.m.
Shoulder-Peak: there are no shoulder peak periods in the winter.
Off-Peak is 12:00 a.m. (midnight) to 6:00 a.m., 10:00 a.m. to 5:00 p.m., and 9:00 p.m. to 12:00 a.m. (midnight)

Weekends (Saturday and Sunday), Thanksgiving Day, Christmas Day (or December 24 or December 26, under above conditions), and New Years Day (or December 31 or January 2, under above conditions).

On-Peak: (There are no On-Peak weekend hours)
Shoulder-Peak (There are no Shoulder-Peak weekend hours)
Off-Peak All hours.

Fuel and Purchased Power - Base cost (per kWh):

Mid-Summer On-Peak \$0.077356

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Pricing Plan R-201BN Special Residential Electric Service

Mid-Summer Shoulder-Peak	\$0.038166
Mid-Summer Off-Peak	\$0.033166
Remaining Summer On-Peak	\$0.057356
Remaining Summer Shoulder-Peak	\$0.018166
Remaining Summer Off-Peak	\$0.013166
Winter On-Peak	\$0.061223
Winter Off-Peak	\$0.017033

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$2.40 per month
Note: Additional meter service charge of \$6.00 per month for Three Phase Service.	

Energy Charges:

Delivery:

((NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.))

Delivery Mid-Summer (June – August)	On-Peak	Shoulder-Peak	Off-Peak
First 500 kWh	\$0.037000	\$0.012000	\$0.000400
Next 3,000 kWh	\$0.057000	\$0.032000	\$0.020400
Over 3,500 kWh	\$0.077000	\$0.052000	\$0.040400

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Pricing Plan R-201BN Special Residential Electric Service

Delivery Remaining Summer (May, September – October)	On-Peak	Shoulder-Peak	Off-Peak
First 500 kWh	\$0.010000	\$0.003000	\$0.000100
Next 3,000 kWh	\$0.030000	\$0.023000	\$0.020100
Over 3,500 kWh	\$0.050000	\$0.043000	\$0.040100

Delivery Winter (November – April)	On-Peak	Off-Peak
First 500 kWh	\$0.010000	\$0.000100
Next 3,000 kWh	\$0.030000	\$0.020100
Over 3,500 kWh	\$0.050000	\$0.040100

Fixed Must-Run (See Must-Run Generation – Rider No. 2) \$0.003849 per kWh
System Benefits \$0.000468 per kWh

Transmission \$0.007525 per kWh

Transmission / Ancillary Services

System Control & Dispatch \$0.000102 per kWh

Reactive Supply and Voltage Control \$0.000402 per kWh

Regulation and Frequency Response \$0.000389 per kWh

Spinning Reserve Service \$0.001055 per kWh

Supplemental Reserve Service \$0.000172 per kWh

Energy Imbalance Service: currently charged pursuant to the Company's OATT.

Generation Charges:

Generation Capacity (per kWh):

Mid-Summer On-Peak \$0.060000

Mid-Summer Shoulder-Peak \$0.018000

Mid-Summer Off-Peak \$0.006000

Remaining Summer On-Peak \$0.024000

Remaining Summer Shoulder-Peak \$0.007200

Remaining Summer Off-Peak \$0.002400

Winter On-Peak \$0.024000

Winter Off-Peak \$0.002400

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Pricing Plan R-201BN Special Residential Electric Service

Fuel and Purchased Power - Base cost (per kWh):

Mid-Summer On-Peak	\$0.077356
Mid-Summer Shoulder-Peak	\$0.038166
Mid-Summer Off-Peak	\$0.033166
Remaining Summer On-Peak	\$0.057356
Remaining Summer Shoulder-Peak	\$0.018166
Remaining Summer Off-Peak	\$0.013166
Winter On-Peak	\$0.061223
Winter Off-Peak	\$0.017033

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

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District: Entire Electric Service Area

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**Pricing Plan R-201CN
Special Residential Electric Service**

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To single phase (subject to availability at point of delivery) electric service in individual residences as described in current program details when all service is supplied at one point of delivery and energy is metered through one meter. Additionally, this Schedule requires that the customer use exclusively the Company's service for all space heating and all water heating energy requirements except as provided below and that the customer's home conform to the standards of the Heating, Cooling and Comfort Guarantee program as in effect at the time of subscription to this Schedule. Notwithstanding the above, the customer's use of solar energy for any purpose shall not preclude subscription to this pricing plan.

Not applicable to resale, breakdown, temporary, standby, or auxiliary service or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

Customers must stay on pricing plan R-201CF for a minimum period of one (1) year. A Customer, at his/her discretion and after being served for a twelve (12) month period of this pricing plan, may opt to switch service to the non-time-of-use R-201 pricing plan of R-201AN. The Company shall refund to the Customer any excess moneys paid in total over the entire twelve months under pricing plan R201CF, that would not have been paid under pricing plan R-201AN. A Customer shall be eligible to receive such a refund of excess moneys on a single occasion only.

CHARACTER OF SERVICE

Single phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service \$ 8.00 per month

Customer Charge, Three Phase service \$14.00 per month

Energy Charges:

Delivery Charges

Mid-Summer (June – August)	On-Peak	Shoulder-Peak	Off-Peak
First 500 kWh	\$0.099462	\$0.040512	\$0.019626
Next 3,000 kWh	\$0.117162	\$0.058212	\$0.037326
Over 3,500 kWh	\$0.134862	\$0.075912	\$0.055026

Delivery Charges

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Pricing Plan R-201CN Special Residential Electric Service

Remaining Summer (May, September – October)	On-Peak	Shoulder-Peak	Off-Peak
First 500 kWh	\$0.044052	\$0.022989	\$0.016175
Next 3,000 kWh	\$0.061752	\$0.040689	\$0.033875
Over 3,500 kWh	\$0.079452	\$0.058389	\$0.051575

Mid-Summer and Remaining Summer TOU periods:

Weekdays except Memorial Day, Independence Day (July 4), and Labor Day. If Independence Day falls on Saturday, the Weekend schedule applies on the preceeding Friday, July 3. If Independence Day falls on Sunday, the Weekend schedule applies on the following Monday, July 5.

On-Peak: 2:00 p.m. to 6:00 p.m.
Shoulder-Peak 12:00 p.m. (noon) to 2:00 p.m. and 6:00 p.m. to 8:00 p.m.
Off-Peak: 12:00 a.m. (midnight) to 12 p.m (noon) and 8:00 p.m. to 12:00 a.m. (midnight)

Weekends (Saturday and Sunday), Memorial Day, Independence Day (or July 3 or July 5, under above conditions), and Labor Day.

On-Peak: (There are no On-Peak weekend hours)
Shoulder-Peak (There are no Shoulder-Peak weekend hours)
Off-Peak All hours.

Delivery Charges

WINTER (November – April)	On-Peak	Off-Peak
First 500 kWh	\$0.044052	\$0.016175
Next 3,000 kWh	\$0.061752	\$0.033875
Over 3,500 kWh	\$0.079452	\$0.051575

Winter TOU periods:

Weekdays except Thanksgiving Day, Christmas Day, and New Years Day. If Christmas Day and New Years Day fall on Saturdays, the Weekend schedule applies on the preceeding Fridays, December 24 and December 31. If Christmas Day and New Years Day fall on Sundays, the Weekend schedule applies on the following Mondays, December 26 and January 2.

On-Peak is 6:00 a.m. to 10:00 a.m. and 5:00 p.m. to 9:00 p.m.
Shoulder-Peak: there are no shoulder peak periods in the winter.
Off-Peak is 12:00 a.m. (midnight) to 6:00 a.m., 10:00 a.m. to 5:00 p.m., and 9:00 p.m. to 12:00 a.m. (midnight)

Weekends (Saturday and Sunday), Thanksgiving Day, Christmas Day (or December 24 or December 26, under above conditions), and New Years Day (or December 31 or January 2, under above conditions).

On-Peak: (There are no On-Peak weekend hours)
Shoulder-Peak (There are no Shoulder-Peak weekend hours)
Off-Peak All hours.

Fuel and Purchased Power - Base cost (per kWh):

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Pricing Plan R-201CN Special Residential Electric Service

Mid-Summer On-Peak	\$0.078903
Mid-Summer Shoulder-Peak	\$0.038929
Mid-Summer Off-Peak	\$0.033829
Remaining Summer On-Peak	\$0.058503
Remaining Summer Shoulder-Peak	\$0.018529
Remaining Summer Off-Peak	\$0.013429
Winter On-Peak	\$0.062447
Winter Off-Peak	\$0.017374

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$2.40 per month
Note: Additional meter service charge of \$6.00 per month for Three Phase Service.	

Energy Charges:

Delivery:

((NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.))

Delivery Mid-Summer (June – August)	On-Peak	Shoulder-Peak	Off-Peak
First 500 kWh	\$0.032400	\$0.010620	\$0.000354
Next 3,000 kWh	\$0.050100	\$0.028320	\$0.018054
Over 3,500 kWh	\$0.067800	\$0.046020	\$0.035754

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Pricing Plan R-201CN Special Residential Electric Service

Remaining Summer (May, September – October)	On-Peak	Shoulder-Peak	Off-Peak
First 500 kWh	\$0.008850	\$0.002655	\$0.000089
Next 3,000 kWh	\$0.026550	\$0.020355	\$0.017789
Over 3,500 kWh	\$0.044250	\$0.038055	\$0.035489

Delivery Winter (November – April)	On-Peak	Off-Peak
First 500 kWh	\$0.008850	\$0.000089
Next 3,000 kWh	\$0.026550	\$0.017789
Over 3,500 kWh	\$0.044250	\$0.035489

Fixed Must-Run (See Must-Run Generation – Rider No. 2) \$0.003849 per kWh
System Benefits \$0.000468 per kWh

Transmission \$0.007525 per kWh

Transmission / Ancillary Services

System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Generation Charges:

Generation Capacity (per kWh):

Mid-Summer On-Peak	\$0.053100
Mid-Summer Shoulder-Peak	\$0.015930
Mid-Summer Off-Peak	\$0.005310

Remaining Summer On-Peak	\$0.021240
Remaining Summer Shoulder-Peak	\$0.006372
Remaining Summer Off-Peak	\$0.002124

Winter On-Peak	\$0.021240
Winter Off-Peak	\$0.002124

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Pricing Plan R-201CN Special Residential Electric Service

Fuel and Purchased Power - Base cost (per kWh):

Mid-Summer On-Peak	\$0.078903
Mid-Summer Shoulder-Peak	\$0.038929
Mid-Summer Off-Peak	\$0.033829
Remaining Summer On-Peak	\$0.058503
Remaining Summer Shoulder-Peak	\$0.018529
Remaining Summer Off-Peak	\$0.013429
Winter On-Peak	\$0.062447
Winter Off-Peak	\$0.017374

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

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**Executive Summary of the
Direct Testimony of James S. Pignatelli
in Support of the Settlement Agreement**

Mr. Pignatelli is the Chairman of the Board, President and Chief Executive Officer of Tucson Electric Power Company ("TEP" or the "Company"). Mr. Pignatelli's Testimony in support of the proposed Settlement Agreement addresses the following matters:

Immediately following the filing of TEP's Rebuttal Testimony in the 2007 Rate Case Application Docket, TEP contacted parties in the docket to discuss the potential for settlement negotiations. Several parties, including Commission Staff, Residential Utility Consumer Office ("RUCO") and Arizonans for Electric Choice and Competition ("AECC"), indicated a willingness to enter into settlement discussions.

The settlement process was open and transparent to all parties on all the issues. Even parties who indicated that they were not likely to sign onto the settlement were invited and included throughout the process. All parties were notified of all negotiation meetings, were invited to attend and were provided the opportunity to participate on any issue that was being discussed. Participants were provided with settlement documentation including drafts of the settlement agreement and related exhibits for review and comment. Participants who so desired also involved their experts and consultants in each step in the settlement process.

The participants who attended all or some of the settlement meetings over the course of almost two months of negotiation included TEP, Commission Staff, RUCO, AECC, Cynthia Zwick of the Arizona Community Action Association ("ACAA"); U.S. Department of Defense and all other Federal Executive Agencies ("DOD"); Arizona Investment Council ("AIC"); International Brotherhood of Electric Workers Local 1116 ("IBEW 1116"); Mesquite Power, LLC, Southwestern Power Group II, LLC, Bowie Power Station, LLC, and Semptra Energy Solutions, LLC ("Power Producers"); Southwest Efficient Energy Project ("SWEET"); Arizona Competitive Power Alliance; Kroger Company; and Arizona Public Service Company. As a result, the settlement agreement reflects the input of the broad range of interests and issues that were represented through the participants in the settlement discussions.

The settlement agreement reflects a compromise of the signatories' positions in this docket. The settlement agreement balances the interests of the signatories and TEP's customers, employees and shareholders. The settlement agreement resolves difficult issues related to the 1999 Settlement Agreement and avoids potentially protracted litigation. TEP will receive some regulatory certainty and an improved ability to maintain its financial integrity. Eligible low-income customers will be held harmless from the rate increases adopted by the settlement agreement.

The primary terms of the settlement agreement include:

1. A base rate increase of 6%.
2. A moratorium on base rate increases until 2013 except with respect to certain emergency circumstances.
3. Cost-of-Service ratemaking for TEP, including its generation assets.
4. Adoption of new depreciation rates for TEP and related resolution of the salvage cost issue for TEP's generation assets.
5. Adoption of a cost of equity of 10.25% and a capital structure of 57.5% debt and 42.5% equity.

1 6. The implementation of a Purchased Power and Fuel Adjustor Charge ("PPFAC"),
2 that includes certain credits from TEP's wholesale operations that will act to reduce the charge to
3 our customers.

4 7. Adoption of rate design and tariffs that encourage and facilitate demand-side
5 management and conservation and that holds eligible low-income customers harmless from the
6 rate increase adopted in the settlement agreement.

7 8. Adoption of adjustor charges for demand-side management and renewable energy
8 programs.

9 9. Adoption of (i) partial requirement tariffs that will facilitate development of
10 renewable resources; (ii) a demand response program tariff; and (iii) a line extension tariff that
11 excludes the free footage allowance.

12 10. Retention of the status quo of retail competition within TEP's CC&N, including
13 the continuation of unbundled rates, subject to a new returning customer direct access charge and
14 to the outcome of a future generic docket on retail competition.

15 11. Waiver of any claims under the 1999 Settlement Agreement because the new
16 settlement agreement supersedes the 1999 Settlement Agreement.

17 The settlement balances the interests of the interested parties, provides significant
18 benefits to TEP and its customers and employees and is in the public interest. The settlement
19 provides a reasonable rate increase (the first increase in over twelve years and rate stability for
20 the next five years. The Company will enjoy some level of regulatory certainty and will be
21 better positioned to maintain its financial integrity, all of which inure to the benefits of its
22 customers, employees and shareholders. The settlement also avoids the potential protracted
23 litigation over the 1999 Settlement Agreement.

24 Two key issues were not resolved by the settlement agreement: (i) the treatment of the
25 Fixed CTC True Up Revenues created by Decision No. 69568 and (ii) the effective date of the
26 new rates under the settlement agreement. First, TEP should retain the Fixed CTC True-up
27 Revenues. TEP did not raise its rates in 1999 in order to be able to collect the Fixed CTC
Revenues, and it should not have to effectively lower its rates now to return certain revenues to
customers. Moreover, selected provisions of the 1999 Settlement Agreement should not be
preserved simply to transfer economic benefits from the Company to its customers. The 1999
Settlement Agreement should be superseded in full as agreed to in the settlement agreement, not
retained in part and superseded in part. Second, all the signatories have agreed that TEP
currently under earning and is entitled to a rate increase. Therefore, the new rates provided
under the settlement agreement should go into effect upon approval of the settlement agreement
– they should not be delayed until January 1, 2009. Moreover, there are many elements of the
settlement agreement that benefit our customers and they too should go into effect sooner rather
than later.

1 **I. INTRODUCTION.**

2
3 **Q. Please state your name and position with Tucson Electric Power (“TEP” or the**
4 **“Company”).**

5 A. My name is James S. Pignatelli. I am Chief Executive Officer, President and Chairman
6 of the Board of Directors of TEP. I hold the same positions with UniSource Energy
7 Corporation, TEP’s parent company.

8
9 **Q: What is the purpose of your testimony?**

10 A: My testimony supports the settlement agreement that was filed with the Commission on
11 May 29, 2008, in this proceeding (the “settlement agreement”). I discuss the chronology
12 of events that culminated in the settlement agreement, the settlement process, a
13 comparison of the parties’ filed and settlement positions, the terms of the settlement
14 agreement, the benefits that TEP’s customers, employees and shareholders will receive
15 under the settlement agreement and why the settlement agreement is in the public
16 interest. I also explain to the Commission why TEP should retain the Fixed Competition
17 Transition Charge (“CTC”) true-up revenues and why the new rates under the settlement
18 should go into effect as soon as possible. Finally, I respond to Commissioners’ inquiries
19 that have been docketed in this proceeding.

20
21 As I discuss in my testimony, the settlement agreement is the product of many hours of
22 arms-length negotiations that were open and transparent to all participants on all the
23 issues. Great care was undertaken to memorialize the terms and conditions of the
24 settlement agreement and to include supporting financial data, comparative analysis, rate
25 schedules and the purchased power and fuel adjustment clause (“PPFAC”) plan of
26 administration. In this respect the settlement agreement accurately describes and fully
27 supports the signatories’ concurrence to resolve the issues in these consolidated cases.

1 In further support of the settlement agreement, I incorporate by reference into this
2 testimony the direct and rebuttal testimony that the Company previously filed with the
3 Commission in this docket. That testimony established important facts that are the
4 foundation of TEP's support for the settlement agreement, namely, that the Company is
5 entitled to a rate increase, that it is in the best interests of TEP and its customers that a
6 PPFAC be implemented and that the Commission should provide clarity regarding the
7 1999 Settlement Agreement.

8
9 TEP is also filing the testimony of Mr. David G. Hutchens and Mr. Dallas J. Dukes in
10 support of the settlement agreement. Mr. Hutchens addresses the PPFAC in detail,
11 including how the PPFAC will operate and why a PPFAC is necessary and appropriate at
12 this time. Mr. Dukes addresses the rate design agreed to by the signatories to the
13 settlement as well as changes to the Company's Rules and Regulations, including the
14 elimination of the current free footage allowance.

15
16 I urge the Commission to approve the settlement agreement with the new rates to go into
17 effect as soon as possible and to adopt TEP's proposed treatment of the CTC True-up
18 Revenues.

19
20 **Q. Mr. Pignatelli, why does TEP support the settlement agreement?**

21 **A.** The settlement agreement resolves the issues raised in the Motion to Amend and the 2007
22 Rate Case Application in a way that is just, reasonable and in the public interest. I make
23 this statement acknowledging that each of the participants in the settlement agreement, on
24 behalf of their respective constituents, has used its best efforts and worked in good faith
25 to create a settlement that is fair and beneficial in both the short and long term.

1 I believe the settlement agreement provides significant benefits to TEP's customers and
2 employees, while providing its shareholders a period of regulatory certainty and a
3 meaningful opportunity to recover costs and earn a reasonable rate of return on their
4 utility investment.

5
6 The negotiations were inclusive of all interested parties (even those who indicated from
7 the beginning that they would likely not be signatories to the settlement agreement). The
8 provisions of the settlement agreement reflect the input of parties with disparate and often
9 conflicting interests thus resulting in a thorough analysis, discussion and resolution of the
10 issues. No party was obligated to sign the settlement agreement, thereby acting as a
11 "check and balance" that individually and collectively the terms and conditions would be
12 fair. The fact that the settlement agreement is so widely supported (as shown by the
13 number of signatories) is evidence of the comprehensive nature of the terms, conditions
14 and accords reached by the participants.

15
16 The settlement agreement provides, among other things, clarity regarding the status of the
17 1999 Settlement Agreement, the first base rate increase (6%) in over twelve years, a rate
18 moratorium until January 1, 2013, a PPFAC, tariffs that freeze existing rates for eligible
19 low-income customers and new rate design and time-of-use tariffs designed to improve
20 conservation and demand side management. Under the settlement, TEP has also agreed
21 to adopt partial requirement tariffs that will facilitate the development of customer-sited
22 distributed renewable resources and a demand response tariff that can help reduce the
23 Company's peak demand.

24
25 I commend the Commission Staff and other signatories to the settlement agreement for
26 their willingness to work through differences and to reach solutions that are fair, just,
27

1 reasonable and make sense. Again, I urge the Commission to approve the settlement
2 agreement.

3
4 **II. CHRONOLOGY OF EVENTS.**

5
6 **Q. Mr. Pignatelli, please provide a brief overview of the events that led to the**
7 **settlement agreement negotiations.**

8 A. A complete chronology of events leading up to the settlement negotiations starts back in
9 November 1999 when the Commission approved and modified the 1999 Settlement
10 Agreement in Decision No. 62103. The unfolding of events since then is documented in
11 many filings in these consolidated dockets. I will not repeat all of those events but will
12 summarize them by stating that beginning in 2005, TEP sought a clarification of the
13 Commission's position on how the Company's rates would be determined after
14 December 31, 2008. This eventually led to the issuance of Decision No. 69568 (May 21,
15 2007), wherein the Commission ordered TEP to file a rate application, a Demand Side
16 Management ("DSM") portfolio and a Renewable Energy Action Plan by July 2, 2007.
17 The rate application and a pending Motion to Amend the 1999 Settlement Agreement
18 were consolidated into this proceeding. The DSM filing was made in a separate docket
19 and the Renewable Energy Action Plan was superseded by the Renewable Energy
20 Standard Tariff that has already been approved by this Commission.

21
22 The Company's rate application proposed three alternative rate methodologies: (1) the
23 Market Methodology, (2) the Cost-of-Service Methodology, and (3) the Hybrid
24 Methodology. TEP proposed a base rate increase of \$267.57 million or 21.9 % for the
25 Market Methodology; an increase of \$275.8 million or 23% increase for the Cost-of-
26 Service Methodology, including a \$158.2 million base rate increase and an additional
27 \$117.6 million for a "Transition Cost Regulatory Asset" surcharge ("TCRAC"); and a

1 base rate increase of \$212.544 million or 14.9% for the Hybrid Methodology (the "2007
2 Rate Case Application").

3
4 On February 29 and March 14, 2008, Commission Staff and Intervenor filed their direct
5 testimony related to the 2007 Rate Case Application. Commission Staff, the Arizona
6 Residential Utility Consumer Office ("RUCO"), and Arizonans for Electric Choice and
7 Competition ("AECC") each proposed establishing new base rates for TEP using a cost-
8 of-service methodology. Commission Staff proposed a base rate increase of \$9.766
9 million from TEP's 2006 test year adjusted revenues, RUCO proposed a base rate
10 increase of \$36.24 million and AECC proposed a base rate increase of \$91.62 million.

11
12 On April 1, 2008, the Company filed rebuttal testimony. In my rebuttal testimony, I took
13 strong exception to the positions of Commission Staff, RUCO and AECC. I voiced my
14 belief that those parties' positions ignored the clear evidence of rising costs that
15 necessitated a rate increase, failed to recognize impacts on the Company associated with
16 the 1999 Settlement Agreement and were contrary to or inconsistent with prior
17 Commission orders. In particular, I pointed to seven (7) areas of disagreement that, if
18 resolved, would corroborate the reasonableness of TEP's requested rate relief.

19
20 During the same time that testimony was being filed in this case, TEP contacted parties to
21 discuss the potential for settlement discussions. Several parties, including Commission
22 Staff, RUCO and AECC indicated that they would be willing to meet to discuss a
23 settlement of all or some of the issues after the filing of TEP's rebuttal testimony.
24 Consequently, on April 3, 2008, TEP filed with the Commission and sent to Commission
25 Staff and Intervenor to both the Motion to Amend and 2007 Rate Case dockets, a notice
26 of settlement discussions indicating that the first meeting would take place on April 10,
27 2008 at the Commission's offices.

1 **III. THE SETTLEMENT PROCESS WAS OPEN AND TRANSPARENT.**

2
3 **Q. Please describe the process that resulted in the settlement agreement.**

4 **A.** I want to stress that the settlement process was open and transparent to all parties on all
5 the issues. By that I mean that all parties were notified of all negotiation meetings, were
6 invited to attend and were provided the opportunity to participate on any issue that was
7 being discussed. Participants were provided with settlement documentation including
8 drafts of the settlement agreement and related exhibits for review and comment.
9 Participants who so desired also involved their experts and consultants in each step in the
10 settlement process.

11
12 The participants who attended all or some of those meetings included TEP, Commission
13 Staff, RUCO, AECC, Cynthia Zwick of the Arizona Community Action Association
14 ("ACAA"); U.S. Department of Defense and all other Federal Executive Agencies
15 ("DOD"); Arizona Investment Council ("AIC"); International Brotherhood of Electric
16 Workers Local 1116 ("IBEW 1116"); Mesquite Power, LLC, Southwestern Power Group
17 II, LLC, Bowie Power Station, LLC, and Sempra Energy Solutions, LLC ("Power
18 Producers"); Southwest Efficient Energy Project ("SWEEP"); Arizona Competitive
19 Power Alliance; Kroger Company; and Arizona Public Service Company. I believe that
20 the settlement agreement reflects the input of the broad range of interests and issues that
21 were represented through the participants in the settlement discussions.

22
23 At the initial settlement meeting on April 10, 2008, TEP opened discussions by
24 presenting eight (8) rate case settlement concepts. Each participant provided an initial
25 reaction and the decision was made to continue discussions by meeting on April 15 at
26 which time participants could more fully address the Company's concepts and
27 recommend additional items they wanted to be considered.

1 On April 15, 2008, Commission Staff and other participants presented their responses to
2 TEP's concepts. This expanded the rate case concepts from TEP's original 8, to more
3 than 17 concepts. Over the next seven (7) days, the number of concepts continued to
4 grow as the participants negotiated the terms of the settlement agreement.

5
6 On April 18, 2008, Commission Staff filed a motion with the Commission requesting the
7 postponement of surrebuttal testimony. On April 21, 2008, the Administrative Law
8 Judge granted the request.

9
10 On April 23, 2008, TEP filed a notice in the docket that it had reached an agreement in
11 principle with the Commission Staff. Participants to the settlement process continued to
12 meet in order to refine the details of the agreement and the supporting data and exhibits
13 that would become part of the settlement agreement.

14
15 On May 8, 2008, a procedural conference was held in this proceeding. At that time, TEP
16 and Commission Staff provided the Administrative Law Judge with an update on the
17 progress of the finalization of the settlement agreement. Thereafter a procedural schedule
18 was issued that required the final settlement agreement to be filed with the Commission
19 on May 29, 2008.

20
21 Between May 8 and May 29, participants continued to work on finalizing the settlement
22 agreement, especially regarding the development of appropriate rate design and tariffs.
23 An important aspect of this work was the development of tariffs that would provide
24 frozen rates for eligible low-income customers, thereby holding those customers harmless
25 from the impacts of the rate increase and the PPFAC. All participants continued to be
26 provided with drafts of the settlement agreement and related documents for review and
27 comment.

1 On May 29, 2008, almost two (2) months after the first notice of settlement discussions
2 was transmitted, the final settlement agreement was executed and filed with the
3 Commission.

4
5 I am unaware of any rate case settlement that has been as openly conducted as this one.
6 As I mentioned, even parties who indicated that they would not likely sign a settlement
7 agreement (and might oppose one) were included as full participants in the settlement
8 negotiations up to the very end. I believe the manner in which the settlement
9 negotiations were conducted should provide the Commission with an assurance that the
10 agreements reached were done so after full scrutiny of their merits. I also commend
11 Commission Staff and the other participants for their timely review of the issues and their
12 candid input into the benefits and concerns surrounding the terms of the settlement
13 agreement. I believe that the settlement agreement should be approved by the
14 Commission and its terms become effective as soon as possible.

15
16 **IV. COMPARISON OF THE PARTIES' FILED POSITIONS AND SETTLEMENT**
17 **POSITIONS.**

18 **Q. Mr. Pignatelli, please provide a comparison of the parties' filed positions and their**
19 **settlement positions.**

20 A. I think it is fair to say that in order to reach a settlement, the participants had to evaluate
21 their ultimate goals in this case, including how to best achieve those goals and the
22 likelihood and timing of actually realizing those goals. Speaking for TEP, I can say that
23 we prioritized issues in order to determine whether there was a rational and valid basis
24 for a settlement in this case. Our ultimate goals included receipt of just and reasonable
25 rates, sufficient cash flows to ensure financial integrity, protection against volatile
26 generation resources in the form of a PPFAC, rate design that would be fair and promote
27 conservation and demand side management and clarity regarding the 1999 Settlement

1 Agreement. Underlying this is the need to balance the interests of customers, employees
2 and shareholders. I believe the settlement agreement strikes an appropriate balance and
3 will provide benefits for each of those important groups.
4

5 In order to put perspective on how TEP and Commission Staff reached an overall
6 settlement of their positions, I refer to Exhibit 2 of the settlement agreement,
7 "Comparison of Adjustments to ACC Jurisdictional Revenue Requirement". A review of
8 that document reveals that in some instances Commission Staff's original position was
9 adopted by the parties, in some instances TEP's original position was adopted and in
10 some instances a new position was adopted. For insight into how RUCO's and AECC's
11 filed positions compare to the settlement agreement, I am providing the following chart
12 which compares the positions of TEP, Staff, RUCO and AECC with the settlement
13 agreement on significant issues in the 2007 Rate Case Application:
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15
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27

Test Year Ended 12/31/06	Settlement Agreement	TEP	ACC Staff	RUCO	AECC
Methodology (1)	Cost-of- Service	Cost-of-Service (1 of 3 proposed methodologies)	Cost-of- Service	Cost-of- Service	Cost-of- Service
Average overall rate increase (decrease) (2)	6% + PPFAC	23%	(2-3%)	(7%)	(0.4%)
Approximate annual revenue increase (decrease) (2)	\$47 million + PPFAC	\$181 million	(\$14 million - \$22 million)	(\$54 million)	(\$3.5 million)
Purchased Power and Fuel Adjustor Clause (PPFAC)	Yes	Yes	Yes	Yes for incremental load beginning in 2010	Neither for nor against
Original cost ACC rate base	\$1.02 billion	\$983 million	\$862 million	\$936 million	\$1.01 billion
Capital Structure Equity / Debt	Pro Forma 42.5% / 57.5%	Pro Forma 45% / 55%	Actual 40% / 60%	Pro Forma 45% / 55%	Pro Forma 45% / 55%
Return on Equity	10.25%	10.75%	10.25%	9.44%	10.75%
Cost of Capital / Rate of Return	8.03%	8.35%	7.93%	7.76%	8.35%

(1) ACC Staff, RUCO and AECC proposed TEP's Hybrid and Market proposals be rejected

(2) TEP's estimate of increase (decrease) of each party's proposal including TEP's estimate of the impact of any proposed PPFAC, compared with TEP's current average retail rate of 8.4 cents per kWh, which is the sum of all unbundled rates set in 1999, including the Fixed CTC.

1 As you can see from this representative listing of issues, the settlement agreement truly
2 reflects a balancing of the interests of the participants.

3
4 **Q. Why was TEP willing to accept the terms of the settlement agreement instead of**
5 **litigating its filed position?**

6 A. We carefully weighed the many arguments that could be made for litigating or settling
7 this case. For example, we believe that our 2007 Rate Case Application is supported by
8 clear and convincing evidence and we believe that our interpretation of the 1999
9 Settlement Agreement is correct. On the other hand, we recognize that there is
10 significant opposition from a litigation standpoint to our positions in this proceeding.
11 And, we realize and share a concern for the impact on customers of a rate increase.

12
13 In the end, we believe that whenever possible, TEP should reach out to its customers and
14 regulators to work with them to resolve issues rather than litigate against them.
15 Consistent with this philosophy we contacted Commission Staff and the other parties to
16 determine if a just and reasonable settlement could be achieved and costly litigation be
17 avoided.

18
19 We support the settlement agreement because it does balance the interests of TEP's
20 customers, employees and shareholders. This is evidenced by the varied provisions of
21 the settlement agreement that deal with a rate increase, a PPFAC, a renewable energy
22 adjustor, demand-side management programs and related adjustor and rate design and
23 tariffs that support conservation, demand-side management and the development of
24 renewable resources.

25
26 An important factor in our support of the settlement agreement is that TEP needs a rate
27 increase and a PPFAC sooner rather than later. My earlier direct and rebuttal testimony

1 in this docket establish that while TEP's rates have been frozen under the 1999
2 Settlement Agreement, the costs of raw materials and natural gas have skyrocketed.
3 Wages and benefits and other business expenses have increased as well. While TEP's
4 rates have been frozen, average retail rates charged by APS have increased 14%; SRP's
5 rates have increased 25% and the average U.S. investor-owned electric utility increased
6 rates nearly 32%. TEP can not maintain high levels of safe and reliable service without
7 rate relief.

8
9 So, it is critical to TEP that the settlement agreement provides an acceptable increase in
10 base rates and a PPFAC that protects the Company from volatile fuel and purchased
11 power costs.

12
13 We believe that the 6% base rate increase and the PPFAC provided for in the settlement
14 agreement, with careful management and absent emergency conditions, will allow TEP to
15 continue to provide customers safe and reliable electric service and afford shareholders
16 an opportunity to earn a return on their investment. While the 6% base rate increase is
17 significantly less than that TEP sought in the 2007 Rate Case Application, we believe the
18 settlement agreement, as a whole, does provide the Company and our customers with rate
19 stability and regulatory certainty and will mitigate the rate increase to be borne by
20 customers.

21
22 I encourage the Commission to adopt the settlement agreement so that TEP and its
23 customers can move forward and avoid what could otherwise be lengthy and costly
24 litigation before the Commission and the courts.

1 **V. THE TERMS OF THE SETTLEMENT AGREEMENT.**

2
3 **Q. Mr. Pignatelli, please summarize the terms of the settlement agreement.**

4 **A.** In general terms, the key provisions of the settlement agreement are: (i) the first base rate
5 increase (of 6%) for TEP in over twelve years; (ii) a rate moratorium until January 1,
6 2013; (iii) implementation of a PPFAC; (iv) resolution – without litigation -- of the
7 effect of the 1999 Settlement Agreement including the agreement that TEP's rates will be
8 set on a Cost-of-Service methodology; (v) a renewable energy adjustor mechanism; (vi) a
9 demand-side management adjustor mechanism; (vii) new time-of-use tariffs designed to
10 work in harmony with demand-side management programs; (viii) new partial
11 requirements tariffs that will facilitate development of customer-sited distributed
12 renewable resources; (ix) tariffs that freeze existing base rates for eligible low-income
13 customers and hold them harmless from increased charges due to fuel or purchased
14 power increases; (x) rate design that includes inclining block rates to encourage
15 conservation; and (xi) the elimination of the free footage allowance from TEP's line
16 extension tariffs. I will discuss these and other provisions of the settlement agreement in
17 more detail.

18
19 **A. Base Rate Increase.**

20
21 **Q. Please provide additional information regarding the increase in base rates.**

22 **A.** The annual base rate increase of six percent (6%) is over the current average rate of 8.4
23 cents per kWh. The new average retail rate base will be 8.9 kWh. This increase does not
24 include adjustors for Purchase Power and Fuel, Demand-Side Management and
25 Renewable Energy. This annual base rate increase is approximately \$47.1 million.
26
27

1 **Q. Please describe how the rate increase in the settlement agreement will impact an**
2 **average residential customer bill.**

3 A. Mr. Dukes will testify to this in more detail in his Direct Testimony, but the electric bill of a
4 residential customer with average use (900 kWh/month) will increase from \$84.55 to \$87.23
5 (3.2%) due to the proposed base rate increase. This increase is lower than six percent (6%) due to
6 the impact of the proposed inclining block rate structure.

7
8 Upon the effective date of the rates and charges approved in this matter, in addition to the base
9 rate increase, residential customers will incur other charges attributable to the adjuster provisions
10 referenced in the settlement agreement and approved by the Commission. In my Rebuttal
11 Testimony, I will present the Company's estimates of what those additional charges may be,
12 based on TEP's and other parties' positions.

13
14 **Q. Please describe how low income customers will be affected by the rates in the**
15 **settlement agreement.**

16 A. As set forth in Paragraphs 16.28 through 16.31 of the settlement, qualified low-income
17 customers' rates will not increase due to the agreed upon 6% increase in base rates or the
18 PPFAC. As part of the settlement agreement, the 6% increase in base rates will not apply
19 to the Company's existing low-income programs. The rates of current low-income
20 customers will be frozen. TEP will also implement a single Lifeline (low-income)
21 schedule with a monthly discount of \$8.00 (or the monthly bill if the billed amount is less
22 than \$8.00) and a single Medical Life Support Schedule. Both of these new low-income
23 tariffs will be open to new subscription and will not be subject to the 6% base rate
24 increase. Further, low-income customers, both under frozen low-income tariffs and
25 unfrozen low-income tariffs, will not be subject to the PPFAC. Incremental fuel and
26 purchased power costs that these low-income customers would have otherwise paid under
27 the PPFAC will be recovered from all remaining customers through the PPFAC.

1 However, qualified low-income customers will be subject to the DSM and REST
2 adjustors. Therefore, their electricity bills will reflect those charges.
3

4 **Q. Does the settlement agreement provide TEP customers with means by which to**
5 **mitigate the impact of the rate increase?**

6 A. Yes. TEP proposed three new time-of-use tariffs, which will be discussed in more detail
7 by Mr. Dukes. I felt this was an important component of the settlement. Although it is
8 fair to require our customers to pay for the increases associated with producing the
9 electricity that they consume, it is also fair to allow the customer to adjust their usage in
10 order to make the economic impact less severe. Additionally, when combined with the
11 inclining block rate structure that is being adopted in the settlement, the time-of-use
12 tariffs send the proper price signals to customers to enable them to determine the value of
13 energy and provides an important energy conservation incentive.
14

15 **B. Treatment of Generation Assets and Fuel Costs.**
16

17 **Q. Please explain the settlement agreement's adjustments to the treatment of Luna**
18 **Generating Station and Springerville Unit 1?**

19 A. The Luna Generating Station will be included in TEP's original cost rate base at net book
20 value as of December 31, 2006. Recovery of Springerville Unit 1 non-fuel costs shall
21 reflect a cost of \$25.67 per kW per month which approximates the levelized cost of
22 Springerville Unit 1 through the remainder of the primary lease term for this generating
23 facility. As indicated in Exhibit 2 to the settlement agreement, this treatment is
24 significantly different than TEP had previously proposed in its Cost-of-Service
25 methodology. All other generation assets acquired by TEP after December 31, 2006 but
26 before December 31, 2012 will be included in rate base at their respective original costs,
27 subject to the Commission's subsequent regulatory and ratemaking review and approval.

1 **Q. Please explain how the leasehold improvements of Springerville Unit 1 will be**
2 **treated pursuant to the settlement agreement.**

3 A. Springerville Unit 1 leasehold improvements will be included in TEP's original cost rate
4 base at net book value as of December 31, 2006.

5
6 **Q. What will the base fuel rate under the settlement agreement?**

7 A. The average base cost of fuel and purchased power reflected in base rates will be set at
8 \$0.028896 kWh, as calculated in Exhibit 5 of the settlement agreement.

9
10 **Q. Mr. Pignatelli, does the settlement agreement address how TEP's rates would be**
11 **determined?**

12 A. Yes. TEP's proposed and future rates will be based on a Cost-of-Service rate
13 methodology, including any future generation assets acquired by TEP.

14
15 **C. Cost of Capital.**

16
17 **Q. Please explain how TEP's cost of capital is resolved in the settlement agreement.**

18 A. The settlement agreement provides for a capital structure comprised of 57.50% debt and
19 42.50% equity to be adopted for ratemaking purposes. This structure is a compromise
20 between the parties' previously asserted position. The settlement agreement further
21 provides that a cost of common equity of 10.25% and an embedded cost of long-term
22 debt of 6.38% are to be adopted for ratemaking purposes. These percentages adopt
23 Staff's previous position on the cost of common equity and long term debt and are
24 significantly lower than what TEP had previously urged.

25 **D. Depreciation and Removal Costs.**
26
27

1 **Q. Are there any other significant financial or accounting issues resolved in this**
2 **settlement?**

3 A. Yes. For ratemaking purposes, upon the effective date of a Commission order approving
4 the settlement agreement, TEP will use the depreciation rates for Distribution and
5 General plant contained in Exhibit 5 to the settlement agreement. For local and non-local
6 generation plant, TEP will use the depreciation rates in Exhibit 5 to the settlement
7 agreement. These generation depreciation rates also include an annual accrual of
8 \$21,626,296 on an ACC jurisdictional basis as negative net salvage (cost of removal) for
9 "Generation," excluding the Luna generating station. This resolves a lingering issue
10 about the impact of the 1999 Settlement Agreement on decommissioning/removal costs
11 for the Company's generation assets. Further, the Luna generating station has separately
12 identified depreciation rates included in Exhibit 5 to the settlement agreement.

13
14 **E. Implementation Recovery Costs.**
15

16 **Q. Please explain the settlement agreement's treatment of the Implementation Cost**
17 **Recovery Asset ("ICRA").**

18 A. The settlement agreement provides that TEP's original cost rate base will include an
19 Implementation Cost Recovery Asset ("ICRA") in the amount of \$14,212,843 to reflect
20 the following costs of TEP's transition to retail electric competition under the 1999
21 Settlement Agreement:

Account	Sub	Component	ICRA per Settlement
18190	1508	Deferred Direct Access Costs	\$ 11,153,016
18190	1509	Deferred Divesiture Costs	\$ 1,193,003
18190	1510	Deferred GenCo Separation Costs	\$ 164,026
		Deferred Desert Star and West Connect Funding	\$ 1,702,798
		Total	<u>\$ 14,212,843</u>

1 For ratemaking purposes, the ICRA will be amortized by TEP over a four-year period
2 commencing with the effective date of new rates from this proceeding and shall not be
3 included in rate base or as an amortization expense in TEP's next rate case. This amount
4 is significantly less than the implementation costs TEP had sought to recover through the
5 ICRA.

6
7 **F. PPFAC.**

8
9 **Q. Please explain how the settlement agreement addresses the PPFAC.**

10 **A.** Mr. Hutchens will provide more detail about the PPFAC and its plan of administration in
11 his testimony. Simply stated, base rates contain a component attributable to historical
12 fuel and purchased power costs. If actual fuel and purchase power costs are higher/lower
13 than the amount embedded in base rates, a PPFAC provides the mechanism whereby the
14 actual cost difference is passed through to the customer in the form of a charge/credit.
15 Currently, TEP does not have a PPFAC and as such is unable to pass volatile fuel and
16 purchased power costs to its customers. This can cause a financial strain on the resources
17 of the Company. The PPFAC proposed in the settlement agreement will allow TEP to
18 timely recover fuel and purchased power costs. I would note that the PPFAC provided
19 for in the settlement agreement is similar to the forward-looking Power Supply Adjustor
20 that was approved by the Commission in a recent APS rate case as well as the PPFAC
21 approved by the Commission for UNS Electric, Inc. in Docket E-04204A-06-0783

22
23 **Q. What are the benefits of the proposed PPFAC?**

24 **A.** Again, Mr. Hutchens will address the significant benefits of the PPFAC in more detail in
25 his testimony.
26
27

1 I believe that a PPFAC is an integral part of cost-of-service ratemaking, particularly in
2 our current fuel and purchased power environment. One of the provisions of the
3 settlement agreement is the agreement that TEP's rates will be determined based on a
4 cost-of-service methodology. So, one benefit of the implementation of the PPFAC is that
5 it is consistent with cost-of-service principles as it allows TEP to recover its costs in a
6 timely manner rather than expose it to the risk of volatile fuel and purchase power
7 markets. The PPFAC also can benefit customers when there are fuel differences,
8 including crediting the customers when the price of fuel or purchase power is lower than
9 the base fuel cost. A PPFAC with a forward looking component also provides customers
10 with proper price signals about the real costs of energy consumption. In this regard, a
11 PPFAC will help customers adjust their usage based on the total cost of their
12 consumption. Additionally, the PPFAC will help reduce the number of rate cases to be
13 filed by the Company by providing a recovery mechanism in place that will incorporate
14 future data. This will allow all the parties, including Commission Staff, to use their
15 resources in a more efficient manner and, as importantly, it will shield our customers
16 from the costs associated with frequent rate case filings.

17
18 **Q. How will short-term wholesale margins and annual net positive wholesale trading**
19 **profits be treated under the PPFAC?**

20 **A.** Pursuant to the settlement agreement, all short-term wholesale sales revenue will be
21 credited to the PPFAC to offset fuel and purchase power costs. Ten percent (10%) of the
22 annual net positive wholesale trading profits will be credited to fuel and purchased power
23 costs annually. Under no circumstances will any annual net loss on wholesale trading
24 incurred by TEP be shared with or borne by our customers. This provision adopts Staff's
25 initial proposal in this docket.

1 **Q. How will SO2 allowance sales be treated under the PPFAC?**

2 A. Pursuant to the settlement agreement, fifty percent (50%) of the revenues from sales of
3 sulfur dioxide (SO₂) emission allowances will be credited to the PPFAC to offset fuel and
4 purchased power costs.
5

6 **G. REST Adjustor.**
7

8 **Q. Please explain the settlement agreement's provision related to the Renewable**
9 **Energy Adjustor.**

10 A. The settlement agreement provides that the renewable energy standard tariff ("REST")
11 adjustor mechanism recommended by Staff in its Direct Rate Design testimony in this
12 proceeding shall be adopted and implemented with the Commission's approval order in
13 this proceeding. The initial rates of the REST Adjustor Mechanism will be the same as
14 the REST Tariff charges approved in Decision No. 70314 (April 28, 2008).
15

16 **H. DSM Adjustor.**
17

18 **Q. Please explain the settlement agreement's treatment of the Demand-Side**
19 **Management Adjustor.**

20 A. The settlement agreement includes a statement of the parties support for the
21 implementation of an appropriate DSM Portfolio and related Adjustor. TEP filed its
22 DSM Portfolio proposal with the Commission on July 2, 2007. The parties further stated
23 that they would use their best efforts to implement an appropriate DSM Portfolio and
24 Adjustor as soon as possible. Accordingly, the settlement agreement provides that the
25 DSM Adjustor mechanism recommended by Staff in its Direct Rate Design testimony in
26 this proceeding will be adopted and that the initial funding level of the DSM Adjustor
27 will be \$6,384,625. The settlement agreement provides further that the initial DSM

1 Adjustor rates will be set at \$0.000639 per kWh for all kWh sales. The settlement
2 agreement also provides that TEP shall file an application by April 1st of each year for
3 Commission approval to reset the DSM Adjustor rates, and that rates would be reset on
4 June 1 of each year.

5
6 **I. Rate Moratorium and Emergency Clause**

7
8 **Q. Please explain the rate moratorium provision of the settlement agreement.**

9 A. The settlement agreement provides that TEP will not file a general rate case before June
10 30, 2012. New rates (except for those initiated pursuant to the emergency clause which I
11 will discuss below), will not go into effect prior to January 1, 2013. TEP has agreed not
12 to use a test year earlier than the 12 months ending December 31, 2011 for its next
13 general rate case filing. TEP believes that the rate moratorium will provide customers
14 with certainty and stability in the future as well as be a means to mitigate the impact of
15 the rate increase over the next 5 years.

16
17 **Q. Is TEP concerned about agreeing to a rate moratorium for such an extended period
18 of time?**

19 A. Yes, we are. We believe that we can adequately operate the Company during the rate
20 moratorium but are concerned about the negative financial impact of an event that may
21 occur that is beyond our control. Accordingly, the settlement agreement provides an
22 emergency clause (Paragraph 11.1) that would permit TEP to request a change to its base
23 rates, or necessary changes to the PPFAC mechanism, the DSM adjustment mechanism,
24 or the REST adjustment mechanism, as may be applicable, that would take effect prior to
25 January 1, 2013 in the event of an emergency. It was particularly important to TEP that
26 the emergency clause recognize the potential imposition of a carbon tax or "cap and
27 trade" system as a circumstance which might require TEP to seek additional relief. TEP

1 relies heavily upon coal-fired generation, that is very beneficial to its customers, and the
2 imposition of new legislation, regulations or taxes related to thereto could require the
3 Company to seek emergency relief. Of course the determination of whether emergency
4 relief will be approved remains with the Commission. I am comfortable that in the event
5 of an emergency situation, the Commission will approve the appropriate rate relief to
6 protect TEP and its customers.

7
8 **J. TEP's CC&N.**

9
10 **Q. Please explain the settlement agreement's treatment of the exclusivity of TEP's**
11 **Certificate of Convenience and Necessity ("CC&N").**

12 A. The settlement agreement does not change the status quo of TEP's CC&N. The
13 settlement agreement (Paragraph 12.1) indicates that a generic docket is an appropriate
14 means by which the Commission could address the issue of exclusivity of the CC&Ns of
15 the "Affected Utilities" as defined in A.A.C. R14-2-1601.1, should the Commission
16 choose to do so. The settlement agreement (Paragraph 13.1) further provides for a
17 Returning Customer Direct Access Charge ("RCDAC") tariff as a means to protect TEP
18 and its customers from the costs of large load customers (above 3MW) leaving and then
19 returning to TEP's system. Moreover, in conjunction with maintaining the status quo,
20 TEP will continue to have unbundled rates for all of its services.

21
22 **Q. Please explain the settlement agreement provision related to the RCDAC.**

23 A. As I indicated, in recognition of the fact that there may be customers who take direct
24 access service and then desire to return to TEP for electric service, the settlement
25 agreement provides that TEP will file, as a compliance item, a Returning Customer
26 Direct Access Charge ("RCDAC") tariff within ninety (90) days of the effective date of
27 the Commission's order approving the settlement agreement. The settlement agreement

1 specifies the terms of the RCDAC tariff. The settlement agreement states that the
2 RCDAC tariff will (i) apply only to individual customers or aggregated groups of
3 customers with demand load of 3 MW or greater; (ii) not apply to a customer who
4 provides TEP with one year's advance written notice of intent to return to TEP generation
5 service and to take TEP Standard Offer service; (iii) identify the individual components
6 of the potential charge, definitions of the components, and a general framework that
7 describes the way in which the RCDAC would be calculated; and (iv) only be established
8 to recover from Direct Access customers the additional costs, both one-time and
9 recurring, that these customers would otherwise impose on other Standard Offer
10 customers if and when the former return to Standard Offer service from their competitive
11 suppliers. The RCDAC tariff will further provide that customers shall pay the RCDAC
12 in full within one year of the RCDAC being assessed.

13
14 **K. Treatment of 1999 Settlement Agreement.**

15
16 **Q. Mr. Pignatelli, what does the settlement agreement provide regarding the status of
17 and any claims arising under the 1999 Settlement Agreement?**

18 **A.** The settlement agreement generally provides that TEP's rates shall be determined based
19 upon cost-of-service ratemaking principles and that upon issuance of a final non-
20 appealable order approving the settlement agreement, TEP shall (i) forgo claims related
21 to a breach of the 1999 Settlement Agreement (and Decision No. 62103); (ii) not seek to
22 recover damages related to the Commission setting its rates under cost-of-service
23 ratemaking principles (as set forth in my testimony in this proceeding); (iii) not seek to
24 recover damages related to the rate freeze adopted in Decision No. 62103; and (iv) forgo
25 claims related to the 1999 Settlement Agreement or Decision No. 62103.
26
27

1 Also, upon issuance of a final non-appealable order approving the settlement agreement
2 the signatories thereto will release each other from any claims arising under the 1999
3 Settlement Agreement and Decision No. 62103. Finally, TEP will file within 90 days of
4 the decision approving the settlement agreement an application to update the waivers that
5 were set forth in Decision No. 62103.

6
7 This provision addresses claims and litigation under the 1999 Settlement Agreement and
8 allows TEP, the Commission and the parties to move beyond the 1999 Settlement
9 Agreement and into the future

10
11 **L. Rate Design.**

12
13 **Q. Mr. Pignatelli, please provide an overview of the rate design provisions of the**
14 **settlement agreement.**

15 **A.** Mr. Dukes' testimony provides support and detail regarding the individual rate design
16 provisions in the settlement agreement. Let me say that rate design was a significant part
17 of the settlement agreement negotiations. From TEP's standpoint, we were looking to
18 implement rate design concepts that are conservation-oriented and customer friendly. We
19 believe that we will be able to accomplish those goals through provisions of the
20 settlement agreement that establish: (i) an inclining block structure for residential and
21 smaller general service customers (normally under 200 kW) whereby the incremental
22 price increases with usage; (ii) three new optional residential time-of-use programs
23 whereby customers can save money by conserving energy and shifting usage to the off-
24 peak period; (iii) a time-of-use education program designed and administered by TEP;
25 (iv) low-income residential programs that hold low-income customers harmless from the
26 rate increase and exempt from the PPFAC; (v) expanded time-of-use programs for larger
27 commercial and industrial customers; (vi) increased demand charges for larger

1 commercial and industrial customers to encourage better customer load factors; (vii) a
2 collaborative process to create and file a partial requirements tariff that will be
3 compatible with renewable self generation; (viii) a collaborative process to create and file
4 an interruptible tariff with a range of options; and (ix) a collaborative process to create
5 and file a demand response program whereby customers may voluntarily reduce demand
6 levels.

7 **VI. THE SETTLEMENT AGREEMENT PROVIDES SIGNIFICANT BENEFITS FOR**
8 **TEP'S CUSTOMERS, EMPLOYEES AND SHAREHOLDERS.**

9 **Q. Mr. Pignatelli, please explain the benefits that the settlement agreement provides for**
10 **TEP's customers.**

11 A. TEP's customers are true beneficiaries under the settlement agreement. After a period of
12 time when other Arizona electric customers have seen base rates increase 14-25% and the
13 national average is 32%, under the settlement agreement TEP's customers will see a base
14 rate increase of 6% and will not see another base rate increase for another 5 years or, in
15 other words, until 2013. During a time when customers are seeing other costs skyrocket,
16 I think the rate stability provided to TEP's customers is an outstanding feature of the
17 settlement agreement. In addition, the rate design that is being proposed in conjunction
18 with the base rate increase is innovative and geared towards sending correct price signals
19 and mitigating the impact to those who are legitimately least able to afford to pay. There
20 are other provisions of the settlement agreement that underscore the benefits to the
21 customer. For example, the Luna generating station is included in TEP's rate base at an
22 amount that is a significant discount to its market value. TEP's customers are thus
23 benefiting economically by the reduced rate base value for an important part of the
24 Company's generation portfolio

25
26 TEP's customers also benefit from the regulatory certainty that will be a by-product of
27 the settlement agreement. The PPFAC will protect TEP from fuel and purchase power

1 risk, helping to ensure that the Company's financial condition is not jeopardized, which
2 also can be beneficial to our customers. Further, the uncertainty regarding the disposition
3 of the 1999 Settlement Agreement is resolved through the settlement agreement. This
4 will avoid the costly expense of time and money in litigating disputed issues surrounding
5 the 1999 Settlement Agreement and eliminate the risk to TEP's customers that generation
6 service rates would be determined through a more expensive market methodology.

7
8 And, finally, a financially improved TEP will mean that the Company will have adequate
9 cash flows and will be able to continue to provide its customers with a high level of
10 service and plan for the future by investing in distribution, transmission and generation
11 facilities.

12
13 **Q. Mr. Pignatelli, please explain the benefits that the settlement agreement provides for**
14 **TEP's employees.**

15 **A.** In order for TEP to be able to attract and retain the best qualified employees, we must be
16 able to afford to pay them competitively. In order for the employees to be able to
17 perform at a high level and safely, they must have proper manpower, training and
18 equipment. As I have repeatedly stated, without rate relief TEP would not be able to
19 maintain current levels of service. While we would never jeopardize the safety of our
20 employees, we would have to scale back crews, projects and capital investments. With
21 the rate relief provided in the settlement agreement, we believe that we can maintain our
22 high standards of service and continue to be a safe and desirable Company that attracts
23 and keeps the best employees.

1 Q. Mr. Pignatelli, please explain the benefits that the settlement agreement provides for
2 TEP's shareholders.

3 A. TEP's shareholders will have the opportunity to earn a reasonable return on their
4 investment under the terms of the settlement agreement. While the rate increase provided
5 in the settlement agreement is not as much as we requested in the 2007 Rate Case
6 Application, it will improve the Company's current financial condition. I believe that the
7 6% rate increase, the PPFAC and the regulatory certainty provided by the settlement
8 agreement are significant benefits for TEP and its shareholders. Regulatory certainty is
9 important in that it provides predictability, gives investors confidence and reduces the
10 return premium they might otherwise require. This is also beneficial to customers
11 because they ultimately bear the prudent financing costs associated with the construction
12 of projects. If investors do not require an additional premium, because the regulatory
13 environment is responsive, then the overall cost to the customer is lower. Further,
14 regulatory certainty fosters prudent utility management as long-term planning decisions
15 can be made with a reasonable assurance of cost-recovery. Regulatory certainty also
16 encourages investment in utilities. Such investment leads to more jobs, more
17 opportunities and an improved quality of life for the citizens of the community. Such
18 investment fosters innovation, which is important for generation with the addition of new
19 or more efficient means of producing electricity as well as increasing capacity and
20 efficiency in the transmission and distribution of electricity.

21
22 I also believe that the timely implementation of the rate relief -- as contrasted to
23 prolonged litigation over the issues -- is also an important benefit of the settlement
24 agreement as it avoids costly litigation and moves the Company in a forward direction.

1 **VII. THE SETTLEMENT AGREEMENT IS IN THE PUBLIC INTEREST.**

2
3 **Q. Mr. Pignatelli, please explain why you believe that the settlement agreement is in the**
4 **public interest?**

5 A. I believe that the public interest is met when the needs of customers, employees and
6 shareholders are addressed and resolved in a fair, just and reasonable manner. As I have
7 previously stated, the settlement agreement has achieved a balance of interests in
8 resolving the issues raised in the 2007 Rate Case Application and Motion to Amend. For
9 example, this balance is found in the implementation of a 6% base rate increase and a
10 PPFAC coupled with a rate case moratorium and a freeze on qualified low-income
11 customers' rates. This balance addresses both the need for a rate increase by TEP and the
12 need to mitigate the impact thereof on TEP's customers. Other examples of the
13 consideration and balancing of needs of the parties can be found throughout the
14 settlement agreement.

15
16 **VIII. TEP SHOULD RETAIN THE FIXED CTC TRUE-UP REVENUES.**

17
18 **Q. Please explain the nature of the Fixed CTC revenue.**

19 A. The Fixed CTC was established under the 1999 Settlement Agreement and was intended
20 to recover up to \$450 million of TEP's stranded costs without a rate increase. The Fixed
21 CTC was to be collected until the \$450 million was recovered or until December 31,
22 2008, whichever came first. TEP reached the \$450 million recovery amount in May
23 2008. Some parties have argued that TEP's base rates should be reduced for an interim
24 period upon the collection of the full \$450 million amount. TEP, on the other hand,
25 believes that base rates should not be reduced or otherwise changed for the interim period
26 between May and the date that the 6% base rate increase provided for in the settlement
27 agreement is effective. In Decision No. 69568 (May 21, 2007), the Commission ordered

1 that the collection of funds pursuant to the Fixed CTC be continued until new rates are in
2 effect and that the additional collected funds be subject to credit, refund or other
3 appropriate treatment (the "Fixed CTC True-up Revenues"). The settlement agreement
4 (Paragraph 15.1) provides that parties can present to the Commission their arguments
5 regarding the proper treatment of the Fixed CTC True-up Revenues in this proceeding.
6

7 **Q. How much do you anticipate the Fixed CTC True-up Revenues will be?**

8 A. Based on the amortization expense recorded to date, as well as forecasted sales in 2007
9 and 2008, full recovery of the \$450 million was expected to occur in May 2008. As a
10 result, a total of approximately \$66 million of additional Fixed CTC revenues (the Fixed
11 CTC True-up Revenues) are anticipated between the full recovery date and December 31,
12 2008.
13

14 **Q. How does the settlement agreement treat the Fixed CTC True-up Revenues?**

15 A. The settlement agreement provides that to the extent the Commission determines that
16 Fixed CTC True-up Revenues are to be returned to customers, TEP will credit up to
17 \$32.5 million as a "credit to customers" in the PPFAC balancing account. Subject to
18 further comment from the parties, the Commission may determine (i) when the Fixed
19 CTC True-up Revenues shall cease to be accounted for; (ii) the proper treatment of any
20 additional Fixed CTC True-up Revenues; and (iii) the timing for the implementation of
21 new rates.
22

23 **Q. What do you think should happen to the Fixed CTC True-up Revenues?**

24 A. I believe that TEP should retain the Fixed CTC True-up Revenues. Because TEP did not
25 raise its rates in 1999 in order to be able to collect the Fixed CTC Revenues, it should not
26 have to lower its rates now or otherwise return certain revenues it collects under the 1999
27 rate level to customers. In Decision No. 62103, which approved the 1999 Settlement

1 Agreement, the Commission did not order a rate increase to collect the Fixed CTC
2 Revenues. To the contrary it ordered rate reductions to TEP's rates that it had previously
3 found to be just and reasonable. Consequently, while from an accounting perspective a
4 portion of TEP's revenues were credited to collection of the Fixed CTC, the Company's
5 rates were never increased to recover the Fixed CTC revenues. To require TEP to refund
6 or credit the Fixed CTC True-up Revenues would be to confiscate a portion of the
7 revenues that the Company collected based upon rates that were determined to be just and
8 reasonable.

9
10 Additionally, one of the important benefits of the settlement here is put the 1999
11 Settlement Agreement behind us. The designation of a portion of TEP's revenues as
12 Fixed CTC Revenues (through an additional "unbundling" of TEP's overall rate at that
13 time) was a provision of the 1999 Settlement Agreement that is being superseded by the
14 settlement agreement. Selected provisions of the 1999 Settlement Agreement should not
15 be preserved to transfer economic benefits from the Company to its customers. The 1999
16 Settlement Agreement should be superseded as agreed to in the settlement agreement
17 rather than retained in part and superseded in part.

18
19 Finally, even if there was a legal basis for claiming that customers had truly paid extra for
20 collection of the Fixed CTC (even though TEP's overall rate never increased), all parties
21 to the settlement agreement concur that TEP is entitled to a base rate increase of 6%
22 based on a 2006 Test Year. The 2006 Test Year and financial data that supports the
23 settlement agreement demonstrates that increased costs comprising a part of the
24 Company's revenue deficiency greatly exceed the \$66 million of Fixed CTC True-up
25 Revenues that are expected to be collected up through December 31, 2008. I submit that
26 those additional costs negate any need to refund or credit the Fixed CTC True-up
27 Revenues to TEP's customers.

1 Q. Mr. Pignatelli, when should the effective date of the Commission order, including
2 new rates be?

3 A. The obvious answer to that question is as soon as the Commission votes to approve the
4 settlement agreement, which I hope is well before the end of 2008. Upon Commission
5 approval of the settlement agreement, all provisions of the new settlement will become
6 effective, the 1999 Settlement Agreement will be superseded and there will be no good
7 reason why the requested rate relief should not be implemented at that time. Again,
8 select provisions of the 1999 Settlement Agreement should not be allowed to linger while
9 others are superseded. Moreover, there are several good reasons why the rates should be
10 implemented as soon as possible. The most compelling reason is that all parties
11 recognized that TEP needs rate relief base on the 2006 Test Year data. The sooner the
12 rate relief is implemented, the sooner the Company is able to improve financially.
13 Another important reason is that the sooner new rates are in effect, the sooner the Fixed
14 CTC True-up Revenues cease to accrue. It would be unjust, unfair and again,
15 confiscatory, for the Commission to delay the implementation of the rate increase while
16 Fixed CTC True-up Revenues continued to accrue and the Company's potential liability
17 continued to grow.

18
19 **IX. RESPONSES TO COMMISSIONERS' QUESTIONS.**

20
21 Q. Chairman Gleason filed a letter in this docket on April 3, 2008 requesting certain
22 information regarding TEP's Time-of-Use rates. Please explain TEP's response.

23 A. On April 16, 2008 TEP filed a letter in the docket that responded to Chairman Gleason's
24 questions regarding Time-of Use rates. Briefly, in the letter TEP explained how tier
25 breakpoints and rate differential were chosen when TEP presented its new Time-Of-Use
26 proposals. There has been no further correspondence on this matter and I believe that
27 TEP satisfied Commissioner Gleason's inquiry up to this point.

1 Q. On May 20, 2008, Commissioner Mayes submitted a letter in the docket asking a
2 number of questions and requesting that answers be provided in the settlement
3 agreement or testimony. Please address TEP's response to Commissioner Mayes'
4 letter.

5 A. Yes, I will. First of all, I appreciate the correspondence from Commissioner Mayes at a
6 time when TEP could address her questions and points in either the settlement agreement
7 or pre-filed testimony. I believe her letter was helpful to the settlement process.

8
9 In her letter, Commissioner Mayes requested that the parties present a PRS Tariff that
10 does not penalize large scale solar projects. The settlement agreement, at Paragraph
11 18.1.a, provides that TEP will file a new PRS tariff within 90 days after the
12 Commission's approval of this agreement that both protects TEP's ability to recover
13 fixed costs and facilitates the development of customer-sited distributed renewable
14 energy projects and environmentally friendly self generation. These tariffs will be
15 designed so as to not inhibit the installation of large scale solar or other renewable
16 projects.

17
18 Commissioner Mayes also requested that TEP file a Time-Of-Use ("TOU") tariff that
19 provides customers a reasonable opportunity to pay reduced rates by shifting their usage
20 to off-peak hours. In the settlement agreement at Paragraphs 16.7 through 16.23, the
21 Parties agree TEP will expand its TOU rate schedules. Three new TOU programs will be
22 implemented by TEP. Under those newly implemented time-of-use programs, all
23 residential, general service, large general service, and large light and power customers
24 will be offered a time-of-use option.

25
26 Commissioner Mayes also requested that the settlement agreement take into account low-
27 income customers and largely hold them harmless from the proposed rate increase. As I

1 testified earlier, the settlement agreement completely shields our low-income customers
2 from any base rate increase or charges imposed by the PPFAC. Neither the increase in
3 base rates, nor any increase in rates due to the PPFAC will be passed on to our low-
4 income customers. In fact, under this settlement agreement low-income customers' rates
5 will be lower than the rates those customers paid in 1994. The low-income rates are
6 addressed in Paragraphs 16.29 through 16.31 of the settlement agreement.
7

8 **Q. Commissioner Mayes asked if the Company can or should commit to escalating its**
9 **timetable for enacting the REST, or commit to doing more than its REST**
10 **requirement. Commissioner Mayes also wanted to know how TEP is altering its**
11 **generation portfolio to ameliorate the impact on customers of higher rates due to**
12 **carbon legislation. What is your response to these related questions?**

13 **A.** TEP has long been a proponent of renewable energy, has been an active participant
14 in the many proceedings that culminated in the adoption of the REST, and believes
15 renewable energy can provide real benefits to its customers and the environment.
16 TEP filed its REST Implementation Plan, REST Tariff, Renewable Energy Credit
17 Purchase Program and Customer Self-Directed Tariff on May 13, 2008, pursuant to
18 Decision 70314 (April 28, 2008) and will file its next REST Implementation Plan by July
19 1, 2008, describing how it intends to comply with the REST rules for the next calendar
20 year, as required by A.A.C. R14-2-1813.
21

22 TEP's REST Implementation Plan presented options for approval and implementation
23 that included a more aggressive plan for REST compliance than that ultimately approved
24 by the Commission. TEP has consistently stated that it would participate as aggressively
25 in renewable energy programs as the Commission would encourage through the proper
26 funding. That continues to be TEP's position on this matter.
27

1 TEP is very concerned about the potential imposition of a carbon tax or cap and trade
2 program. TEP is attempting to determine when, how and to what extent a carbon tax or
3 cap and trade program would be imposed on coal-fired generators. However, there is no
4 consensus answer yet to those questions. Although, TEP believes that either a carbon tax
5 or cap and trade program is inevitable, it can not take concrete steps to alter its generation
6 portfolio until it has more information on what will actually be imposed. Having said
7 that, TEP does look to diversify its generation mix and is factoring a carbon tax or cap
8 and trade program as it is considering future generation assets
9

10 **Q. Commissioner Mayes stated that, “to date, TEP has engaged in little if any Demand**
11 **Response” and therefore requests that the Company inform the Commission what**
12 **Demand Response programs the Company will adopt as part of this settlement**
13 **agreement. Does the settlement agreement address Commissioner Mayes’ concern?**

14 **A.** Yes. In Paragraph 18.1.d, of the settlement agreement TEP commits to file a new
15 demand response program tariff within 90 days after the Commission’s approval of the
16 settlement agreement. That tariff will allow customers to voluntarily commit to reduce
17 their demand when requested by TEP in response to a critical situation. TEP and
18 interested stakeholders will also explore the use of bill credits for customers who can
19 verify their demand reduction over a time period that has high incremental costs. Any
20 bill credit program would be in addition to, and not in lieu of, a voluntary program that
21 would not provide payment. Further, Paragraph 18.1.b of the settlement agreement
22 provides that TEP will file an interruptible tariff that will provide a range of options to
23 customers. I also believe that the new Time-Of-Use programs proposed in this
24 agreement, combined with our current Time-Of-Use tariff, enhance our commitment to
25 Demand Response.
26
27

1 **Q** Commissioner Mayes also requested that the Commission be informed whether TEP
2 should be required to go beyond the levels of DSM proposed in the original
3 testimony filed in this case and asked if a heightened commitment by TEP to DSM is
4 a benefit that should be offered as part of the settlement agreement? Commissioner
5 Mayes also asked about the timing of the introduction of the DSM programs,
6 including the adjustor mechanism. Will you please respond to these questions?

7 **A.** Pursuant to Decision No. 69568 (May 21, 2007), TEP filed on July 2, 2007 its proposed
8 DSM Portfolio, which included ten DSM programs. Six of those proposals are entirely
9 new programs, while the remaining four proposals are amendments to existing programs.
10 The Commission recently approved two of those programs - the Residential HVAC and
11 CFL programs. TEP anticipates that the Commission will act its other DSM programs
12 prior to the conclusion of this case.

13
14 As to the timing of implementation of the DSM programs, TEP will implement
15 Commission-approved DSM programs when the DSM adjustor is in place and within the
16 time frames ordered by the Commission. TEP anticipates that the DSM adjustor will be
17 effective when the Commission issues its approval order in this case.

18
19 **X. OTHER ITEMS**

20
21 **Q.** Were there any other items in the settlement agreement that you wanted to discuss?

22 **A.** Yes. The settlement agreement provided that TEP will file a new bill estimation tariff
23 within 90 days of a Commission order approving this settlement agreement. Further,
24 TEP agreed to a fuel audit as recommended by Commission Staff, except that the fuel
25 audit does not have to be completed prior to the implementation of the PPFAC. Finally,
26 Mr. Dukes addresses changes to TEP's Rules and Regulations, which include the
27 elimination of the current free footage allowance in the Company's line extension tariff.

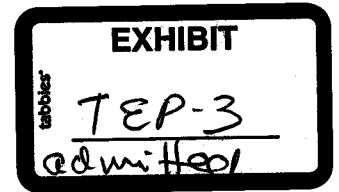
1 **XI. CONCLUSION**

2
3 **Q. Do you have any concluding remarks?**

4 A. Yes, I do. The settlement agreement is a remarkable collaborative effort by many parties
5 to resolve a significant number of important issues related to TEP and its customers. It is
6 fair, just and reasonable and in the public interest. It provides substantial benefits to
7 TEP's customers, employees and shareholders. It provides a pathway to the future and
8 allows TEP and its customers to continue with high levels of electric service. I urge the
9 Commission to adopt the settlement agreement. I also urge the Commission to
10 implement rates under the settlement agreement as soon as possible and to permit TEP to
11 retain amounts attributable to the Fixed CTC True-up Revenues. I look forward to
12 Commission scrutiny of the settlement agreement and the issuance of an order approving
13 the settlement agreement.
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MIKE GLEASON- CHAIRMAN
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE



DOCKET NO. E-01933A-05-0650

DOCKET NO. E-01933A-07-0402

Rebuttal Testimony in Support of the Settlement Agreement

James S. Pignatelli

On Behalf of

Tucson Electric Power Company

July 7, 2008

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**Executive Summary of the
Rebuttal Testimony of James S. Pignatelli
in Support of the Settlement Agreement**

Mr. Pignatelli is the Chairman of the Board, President and Chief Executive Officer of Tucson Electric Power Company ("TEP" or the "Company").

Mr. Pignatelli's Rebuttal Testimony in support of the proposed Settlement Agreement addresses the following matters: (1) TEP's estimate of the impact on average retail rates, (2) the errors and mischaracterizations in RUCO's testimony that undermine its basis for opposing the Settlement Agreement and (3) the testimony filed by SWEEP and a restatement of the Company's commitment to demand-side management programs.

Mr. Pignatelli testifies that TEP currently estimates that the Purchased Power and Fuel Adjustment Clause ("PPFAC") surcharge that would go into effect on April 1, 2009 could result in a 3-4% increase to TEP customers' bills. This would be in addition to the base rate increase of approximately 6%. Accordingly, effective April 2009, TEP estimates that the average customer bill for all customer classes could increase 9-10% over the current average bill attributable to the combination of the base rate increase and PPFAC rate. However, Mr. Pignatelli also testifies that, given the proposed rate design and the inverted block rates, the electric bill of a residential customer with average use could increase less than 9-10%. In fact, given the rate design, over 50% of residential customers could see a significantly lower overall increase. He also reiterates here that, under the Settlement Agreement, qualified low income customers would not receive any base rate increase or be subject to the PPFAC rate.

Mr. Pignatelli testifies that RUCO's testimony should be rejected because (1) it attempts to criticize selected provisions of the Settlement Agreement without acknowledging that terms and conditions of the Settlement Agreement were negotiated as a whole, integrated agreement (2) RUCO has not performed any analysis regarding TEP's financial condition, TEP's ability to ensure service reliability or the consequences to residential consumers if the Commission does not approve the Settlement Agreement, or new rates by January 1, 2009 (3) it fails to acknowledge the many customer benefits included in the Settlement Agreement, (4) RUCO's claim of a 21.5% rate increase is simply not true, (5) it ignores that each adjustment to a party's original filing is justified and documented in testimony, (6) it erroneously labels the fixed CTC as a "temporary surcharge" when it was a carve out of TEP's then existing rates and (7) it lacks an understanding of the Company's procurement costs and the need for the proposed PPFAC.

Finally, Mr. Pignatelli notes that SWEEP does not oppose the Settlement Agreement, and he testifies that TEP continues to actively support demand side management programs.

1 **I. INTRODUCTION AND SUMMARY.**

2
3 **Q: Please state your name and occupation.**

4 A: My name is James S. Pignatelli. I am the Chairman, President and Chief Executive Officer
5 of Tucson Electric Power Company ("TEP" or the "Company"). I hold the same positions
6 at UniSource Energy Corporation, the parent of TEP.
7

8 **Q: Mr. Pignatelli, have you reviewed the testimony filed by the Arizona Residential**
9 **Utility Consumer Office ("RUCO") and Southwest Efficient Energy Project**
10 **("SWEEP") in this proceeding?**

11 A: Yes, I have. It is important to note that RUCO is the only party in this proceeding that
12 apparently opposes the Settlement Agreement. SWEEP is neutral towards the Settlement
13 Agreement. However, thirteen (13) parties are signatories ("Signatories") to the
14 Settlement Agreement, including Commission Staff.
15

16 **Q: Mr. Pignatelli, please summarize your rebuttal testimony.**

17 A: In the first part of my rebuttal testimony I present TEP's estimate of the impact on average
18 retail rates billed to the customers in 2009 attributable to the Purchased Power And Fuel
19 Adjustor Clause ("PPFAC") under the terms of the Settlement Agreement. In summary,
20 while I presume that the base rate increase of approximately 6% will be effective upon
21 Commission approval of the Settlement Agreement, the PPFAC surcharge would not begin
22 to be applied to customers' bills until April 2009. TEP currently estimates that the PPFAC
23 surcharge that would go into effect on April 1, 2009 could result in a 3-4% increase to TEP
24 customers' bills. This would be in addition to the base rate increase of 6%. Accordingly,
25 effective April 2009, TEP estimates that the average bill for all customer classes could
26 increase 9-10% over the current average bill attributable to the combination of the base rate
27 increase and PPFAC rate. I point out however, that given the proposed rate design and the

1 inverted block rates, the electric bill of a residential customer with average use (900
2 kWh/month) will increase less than the average percentage increase. In fact, given the
3 rate design, over 50% of residential customers will see a significantly lower overall
4 increase. It is also important to reiterate here that, under the Settlement Agreement,
5 qualified low income customers would not receive any base rate increase or be subject to
6 the PPFAC rate.

7
8 Second, I rebut the testimony filed by RUCO related to the Settlement Agreement. I
9 discuss the errors and mischaracterizations in RUCO's testimony that undermine its basis
10 for opposing the Settlement Agreement. RUCO's professed "apples-to-apples" analysis is
11 fatally flawed because it is based on a false assumption and consequently, the conclusion
12 that the rate increase will be 21.15% is a gross overstatement.

13
14 Finally, I comment on the testimony filed by SWEEP and restate the Company's
15 commitment to demand-side management programs.

16
17 My rebuttal testimony fully supports the conclusion that the Settlement Agreement is fair,
18 just, reasonable and in the public interest. The record in this case clearly establishes that
19 the Settlement Agreement should be approved by the Commission.

20
21 **II. THE IMPACT OF THE PPFAC RATE ON CUSTOMERS' BILLS IN 2009.**

22
23 **Q: Mr. Pignatelli, please explain TEP's estimate of the PPFAC rate in 2009.**

24 **A:** TEP's base rates include a component attributable to historical purchase power and fuel
25 costs. In the Settlement Agreement, base rates are calculated using a test year ending
26 December 31, 2006. The average base cost of purchase power and fuel reflected in base
27 rates is \$0.028896 per kWh, which reflects the adjusted 2006 test year costs.

1
2 If, on an ongoing basis, actual purchased power and fuel costs are higher or lower than the
3 amount embedded in base rates, the PPFAC provides the mechanism whereby the actual
4 cost difference is passed through to the customer in the form of a charge or credit. The
5 PPFAC rate is not a base rate increase. It is not a fixed amount and does not include a
6 return component. The PPFAC rate can fluctuate and be a customer "credit" if costs are
7 below the base rate of 0.028896 per kWh.

8
9 The PPFAC mechanism proposed in the Settlement Agreement will be effective January 1,
10 2009. The initial PPFAC rate will initially be set at zero. However, the PPFAC rate will
11 be adjusted effective April 1, 2009 and will not appear on customers' bills until April of
12 2009.

13
14 At this time, TEP estimates that its purchased power and fuel costs in 2009 will be in the
15 range of \$0.036 to \$0.037 per kWh. When this amount is adjusted in accordance with the
16 PPFAC plan of administration for proceeds from (i) wholesale sales; and (ii) 50% of SO₂
17 sales, the resulting amount will be approximately \$0.032 per kWh to \$0.033 per kWh. As
18 a result, TEP currently estimates that the PPFAC rate that would go into effect on April 1,
19 2009 would be approximately \$0.003 to \$0.004 per kWh. This would result in an
20 additional 3% to 4% charge to TEP's customers. This PPFAC rate estimate could change
21 based on the October 1 filing pursuant to the PPFAC plan of administration. In that filing,
22 TEP will provide up-to-date supporting documentation on for the calculation of the
23 Forward and True-up components of the PPFAC rate that will go into effect the following
24 April 1.

25
26 Accordingly, as a result of the Settlement Agreement, effective April 2009, the average bill
27 for all customers classes could increase another 3%-4% for a total increase of 9%-10%

1 over existing rates, attributable to the base rate increase and PPFAC rate. However,
2 pursuant to the inclining block rate structure proposed in the Settlement Agreement, the
3 electric bill of a residential customer with average use (900 kWhs/month) will increase less
4 than the average percentage increase. Also, under the Settlement Agreement low income
5 customers will not receive any base rate increase or be subject to the PPFAC surcharge.
6

7 **III. REBUTTAL TO RUCO's RESPONSIVE DIRECT SETTLEMENT TESTIMONY.**
8

9 **Q: Mr. Pignatelli, have you reviewed the "Responsive Direct Settlement Testimony of**
10 **William A. Rigsby" filed on behalf of RUCO in this proceeding on July 2, 2008 (the**
11 **"Rigsby testimony")?**

12 **A:** Yes, I have.
13

14 **Q: What is your overall reaction to the Rigsby testimony?**

15 **A:** RUCO has never supported a settlement of any of the issues in this proceeding. So, the
16 Rigsby testimony must be read with that bias as its foundation.
17

18 The Rigsby testimony is the only attempt by a party in this proceeding to oppose the
19 Settlement Agreement. When you consider the diverse interests of the Signatories to the
20 Settlement Agreement, their commitment to their respective constituencies and the
21 balanced manner in which complex and contentious issues were resolved, Mr. Rigsby's
22 opposition to the Settlement Agreement seems to be merely the strident perpetuation of
23 RUCO's litigation position rather than a balanced weighing of concessions on all sides.
24 Indeed, RUCO focuses only on concessions made in TEP's favor and ignores all the other
25 concessions by TEP and the numerous benefits provided by the Settlement Agreement.
26
27

1 For example, does anyone really believe that all of the Signatories conspired to present "a
2 false impression of the reasonableness of the Agreement" as the Rigsby testimony
3 accuses? See Rigsby Direct Testimony at page 6. RUCO was present during the
4 settlement discussions, and not once did they ever levy such an accusation. Therefore, I do
5 not think that even RUCO believes that allegation.

6
7 Also, the Rigsby testimony attempts to slant the economic analysis of the Settlement
8 Agreement by indicating that Commission Staff moved off its original rate increase
9 recommendation by \$100 million without acknowledging that TEP reduced its rate
10 increase by \$140 million under its cost-of-service methodology and several hundred
11 million dollars under its market methodology.

12
13 Aside from its inherent bias, I believe the Rigsby testimony should be rejected because it
14 attempts to criticize selected provisions of the Settlement Agreement without
15 acknowledging that terms and conditions of the Settlement Agreement were negotiated as a
16 whole, integrated package and is a remarkable balance of benefits for the competing
17 interests of customers, employees and investors. The Settlement Agreement is an
18 integrated and economically sound resolution of the issues in this case. And, even in its
19 challenge to selected provisions, RUCO's position is based on errors and
20 mischaracterizations and presents a flawed analysis of the Settlement Agreement that
21 evidences a lack of familiarity and understanding of the terms thereof.

22
23 While RUCO is critical of the Settlement Agreement, notably absent is any analysis of the
24 consequences to residential consumers if the Commission does not approve the Settlement
25 Agreement or new rates by January 1, 2009. Nowhere in RUCO's testimony is there a
26 discussion or study of its position and how it affects TEP's financial health, including its
27 cash flow. Also notably absent is any analysis by RUCO regarding the effect its position

1 would have on service reliability. Further the Rigsby testimony fails to acknowledge the
2 many customer benefits that are included in the Settlement Agreement including benefits
3 that RUCO did not propose in this proceeding, such as the rate freeze for low income
4 residential customers and the rate moratorium. These and all other customer benefits
5 provided in the Settlement Agreement are the product of the Signatories negotiations and
6 agreement.

7
8 **A. RUCO's Challenge to Base Rate Increase.**

9
10 **Q: Mr. Pignatelli, please provide examples of the errors and mischaracterizations in the**
11 **Rigsby testimony.**

12 A: First, RUCO claims that the Settlement Agreement will produce a rate increase of 21.15%.
13 This is absurd. As I have pointed out, the base rate increase will be 6%. And, beginning
14 April 2009, the PPFAC surcharge could add another 3%-4% to the customers' bill. I think
15 that it is irresponsible for RUCO to publish that TEP's customers will experience a 21.15%
16 rate increase as a result of the Settlement Agreement when that is simply not true. While
17 RUCO claims that is has conducted an "apples-to-apples" comparison of rates, RUCO has
18 actually engaged in a bit of "addition by subtraction" in order to reach an inflated number.

19
20 **Q: Please explain what you mean.**

21 A: For the first time, RUCO now makes the novel claim that the fixed CTC was a "temporary
22 surcharge" that must be subtracted from TEP's base rates and that the rate increase must be
23 calculated on this artificially lower rate. The truth is that the fixed CTC was not a
24 temporary surcharge that was added onto TEP's existing rates in 1999, rather it was a
25 carve-out of TEP's **then-existing rates**. Therefore, our customers rates were not increased
26 by the fixed CTC in 1999. The Rigsby testimony erroneously states:

1 The \$47.1 million purported increase of 6% presents a false
2 impression because it is based on the false premise that the fixed
3 CTC is a permanent part of rates rather than a temporary surcharge
4 that was fully recovered earlier this year. The true increase, based
5 on TEP's adjusted current base rates without the fixed CTC equals
6 19.8%. (Rigsby testimony at 7, lines 3-7)

7
8 RUCO's argument is quickly dismissed by the simple facts. The fixed CTC was not a
9 "temporary surcharge." TEP did not raise its rates to recover its stranded costs. TEP did
10 not add a surcharge to recover its stranded costs. In fact, pursuant to the 1999 Settlement
11 Agreement, TEP's rates were twice decreased while the fixed CTC was being recovered.
12 There is simply no basis for reducing TEP's existing rates. RUCO has even admitted
13 during discovery in this case that TEP's existing rates are those last determined by the
14 Commission to be just and reasonable. (RUCO Response to TEP Data Request TEP 4-
15 12.).

16
17 The fixed CTC was part of the 1999 Settlement Agreement that was intended to guide TEP
18 into electric competition and market based rates in 2009. In preparation for 2009, TEP
19 agreed to recover \$450 million in stranded costs over a 10 year period. In order to avoid a
20 one-time write-off of \$450 million in 2000, and pursuant to the advice of the Company's
21 accountants, TEP ascribed a portion of its **then existing rates** to the fixed CTC. When the
22 \$450 million of stranded costs were fully recovered, TEP's rates remained the same and
23 only the accounting for the rate components changed. TEP's customers' bills were not
24 impacted by the accounting impact of the fixed CTC.

25
26 Under the Settlement Agreement, TEP's customers' bills will be increased over what they
27 are currently charged, based on a stipulated test-year revenue requirement, and not on the

1 fictional amount that RUCO has attempted to introduce. RUCO's attempt to overstate the
2 rate increase by imputing a lower existing customer rate is simply unfounded. As stated
3 in the Settlement Agreement, base rates will increase approximately 6%. TEP customers
4 will see only an average 6% increase in their bills – the first increase they have seen since
5 the mid-1990s.

6
7 **Q: Mr. Pignatelli, please discuss other errors in the Rigsby testimony.**

8 **A:** Let me briefly address the three rate-related issues that the Rigsby testimony refers to as
9 “concessions” and then criticizes as being unsupported by the record. I will first point out
10 that contrary to the erroneous assertion that there is no basis for the acceptance of the
11 Company's position on these issues, the justification for each of the adjustments is found
12 and documented in testimony that was filed in connection with the TEP rate case
13 application. I will refer to that testimony for background purposes.

14
15 First, Mr. Rigsby refers to the \$99 million adjustment that was made to rate base by
16 Commission Staff to reflect the impact of FAS 143. As TEP witness Ms. Karen Kissinger
17 indicated in her April 1, 2008 Rebuttal Testimony (pages 14-18), the adoption of FAS 143
18 in January of 2003 had different financial statement implications for TEP than it would
19 have for a company allowed to follow FAS 71 for its generation assets. Because the
20 Company was precluded from establishing a regulatory liability for amounts formerly
21 included in the reserve for accumulated depreciation for cost of removal of generation
22 assets, the amount was recognized in income in 2003.

23
24 Such amount is not refundable to customers and will not be “double collected” on a going
25 forward basis as it was already included, as a benefit to customers, in the determination of
26 the \$450 million stranded cost in 1999. No cost of removal amounts have been accrued as
27 a part of generation depreciation expense since 2002 as a result of FAS 143. Only

1 companies eligible to follow FAS 71 may accrue cost of removal as an element of
2 depreciation expense.

3
4 In questioning the related \$21.6 million adjustment to increase depreciation expense for
5 cost of removal on an on-going basis, the Rigsby testimony asserts that no party discussed
6 prior to the settlement negotiations a need to begin accruing such an amount of additional
7 depreciation expense for cost of removal. In fact, Commission Staff witness Mr. Ralph
8 Smith proposed an adjustment (adjustment C-15) and Ms. Kissinger countered with a
9 different proposed rate for cost of removal in her Rebuttal Testimony (pages 53-54). The
10 Settlement Agreement provides a reconciliation of the parties' positions.

11
12 Second, the Rigsby testimony questions the \$41.6 million adjustment to Commission
13 Staff's rate base calculation related to accumulated depreciation. Again, as supported by
14 Ms. Kissinger's Rebuttal Testimony (pages 18-23), in addition to no longer accruing cost
15 of removal as an element of depreciation expense, the Company made other changes to
16 depreciation rates. The Company added new generation assets which had no depreciation
17 rates previously authorized by the Commission. The Company also extended the lives of
18 some of its generation assets, based on new information regarding the economic useful
19 lives of these assets. The changes made were the same changes the Company would have
20 made under cost-based regulation. Such depreciation rates were and are just and
21 reasonable. The Company did not seek Commission authorization of such changes
22 because the generation assets had been effectively deregulated and such authorization
23 was irrelevant because TEP's generation rates were to be competitive and market-based,
24 not cost-based. The linkage of costs and revenues was no longer applicable to generation
25 under the 1999 Settlement Agreement.

1 Third, the Rigsby testimony also questions the treatment of Springerville Unit 1 in Rates.
2 In addition to Ms. Kissinger's Rebuttal Testimony (pages 23-29), Commission Staff
3 witness Ralph Smith included as an exhibit to his direct testimony in support of the
4 Settlement Agreement a copy of a deposition transcript that supports the adoption of the
5 proposed treatment of Springerville Unit 1. Springerville Unit 1 generation costs have
6 been recovered in rates through a market-based capacity rate since 1989. Because the
7 initial market-based rate was below cost, the Company recorded losses of \$185 million in
8 the 1990s, reducing the financial statement cost of this asset. Now that market rates are
9 higher, RUCO wants to recover the costs of Springerville Unit 1 based on this lower
10 financial statement value that resulted from the earlier disallowances. This logic is
11 circular at best. The cash costs of operation of Springerville Unit 1 are higher than
12 reflected in the Company's financial records and significantly higher than acknowledged
13 by RUCO. Moreover, under the cost-of-service approach agreed to in the Settlement
14 Agreement, it is appropriate to include any leasehold improvements made by TEP at
15 Springerville Unit 1 in rate base.

16
17 **Q: Did Mr. Rigsby address all of the "concessions" made by the parties in connection**
18 **with the Settlement Agreement?**

19 **A:** No. In particular, he did not address any of the disputed issues that the Company
20 conceded, including the fact that TEP is giving up any claims it has under the 1999
21 Settlement Agreement. I want to remind the Commission that a complete comparison of
22 the rate adjustments and related issues that were discussed in the negotiations were filed
23 as Exhibit 2 to the Settlement Agreement. The negotiations were open and transparent to
24 all parties, Signatories and non-Signatories alike. The result of the negotiations is a
25 Settlement Agreement that is fair, just and reasonable and in the public interest.

1 **B. RUCO's Challenge to PPFAC.**

2
3 **Q: Mr. Pignatelli, do you have any other comments on the Rigsby testimony.**

4 **A:** Yes, I disagree with RUCO's characterization of TEP's PPFAC. On the one hand,
5 RUCO argues that the PPFAC proposed in the Settlement Agreement should not be
6 adopted. In fact, a PPFAC has been supported by other parties since the beginning and
7 the need for a PPFAC has been addressed in the direct testimony of TEP witness Mr.
8 David Hutchens in support of the Settlement Agreement, as well as his previous direct
9 and rebuttal testimony and in the testimony of Staff witness Ralph Smith.

10
11 In challenging the proposed form of PPFAC (which reflects Staff's proposal in this
12 docket), RUCO argues that a 90/10 penalty should be imposed on the PPFAC. There is
13 nothing in the record of this proceeding that supports the imposition of such a penalty on
14 the Company. To the contrary, the Commission Staff has found that the Company's
15 purchased power and fuel procurement practices are prudent. Further, the Direct
16 Testimony of Commission Staff witness Ralph Smith, filed on February 29, 2008,
17 explained in detail (at pages 138-143) why a 90/10 sharing was not appropriate for the
18 TEP PPFAC.

19
20 **Q. Do you agree with a 90/10 sharing mechanism?**

21 **A.** No. First RUCO only explains one direction of APS' sharing mechanism. The direction
22 they do mention, where the Company bears 10% of fuel and purchased power costs in
23 excess of the base rate cost, is blatant confiscation of prudently incurred costs. This is not
24 consistent with standard cost-of-service ratemaking principles. Utilities do not mark up or
25 earn a return on costs associated with a PPFAC and can only at best break even and
26 recover its prudently incurred costs.
27

1 **Q. What is the other result a 90/10 sharing mechanism can have that RUCO fails to**
2 **mention?**

3 A. In the event that fuel and purchased power costs are less than the base rate cost, the
4 Company keeps 10% of the amount below base rates. This results in customers paying
5 amounts higher than the costs incurred to serve them. Again, this is not consistent with
6 standard cost-of-service principles.

7
8 **Q. Does the 90/10 sharing provide an incentive to use prudent procurement practices?**

9 A. No. The Company already has an incentive to use prudent procurement practices. Its
10 procurement policies and practices will not be affected in any way by a 90/10 sharing. As
11 previously described, it simply results in either confiscation from the Company's
12 shareholders or unnecessarily higher costs to our customers.

13
14 **Q. What "safeguards" are included in TEP's proposed PPFAC that provide an incentive**
15 **to use prudent procurement practices?**

16 A. The PPFAC Plan of Administration provides for very detailed monthly filings of fuel,
17 purchased power and generation data. It also allows the Commission to audit the
18 Company's procurement practices at any time and disallow recovery of costs deemed
19 imprudent. And finally, there is a provision that requires the Commission to approve the
20 PPFAC rate each year before it goes into effect. These provisions, on top of the
21 Company's normal standard of providing safe, reliable and fairly priced service to its
22 customers provides all the incentive to use prudent procurement practices.

23
24 **Q. Mr. Pignatelli, would the addition of a 90/10 penalty be seen as a material**
25 **modification of the terms of the settlement agreement?**

26 A. Yes. You must remember that the fuel component in base rates is a 2006 test-year fuel
27 cost. A penalty equal to 10% of fuel price increases would have a significant impact on

1 the Company's ability to continue to support the rate moratorium in the Settlement
2 Agreement. Such a provision could significantly deprive the Company of a reasonable
3 opportunity to earn a reasonable return and reduce the appropriate cash flows that would
4 allow the Company to stay out for such an extended period of time.

5 **C. RUCO's Position on Fixed CTC True-up Revenues and Effective Date.**

6
7 **Q: Mr. Pignatelli, do you agree with RUCO's criticism of the Settlement Agreement's**
8 **provisions that the CTC true-up revenues and the effective date of the base rate**
9 **increase issues be presented by the parties to the Commission for consideration?**

10 **A:** No, I do not. Both of these issues are matters on which the parties wanted to present
11 additional information to the Commission for a determination. In keeping with the spirit
12 of the negotiations, the Signatories agreed that they would present their differing views
13 on these matters for consideration. Further, in light of the many complex issues resolved
14 by the Settlement Agreement, it is completely appropriate for the Commission to resolve
15 these final two issues, based upon the record established at the hearing.

16
17 Again, TEP's position regarding the Fixed CTC True-up Revenues is that it should retain
18 those Revenues. I will not repeat the Company's position as set forth in my direct
19 testimony in support of the Settlement Agreement, but I do not believe any party,
20 including RUCO presented any compelling argument to credit some or all of those
21 Revenues to customers.

22
23 Moreover, it continues to be TEP's position that all provisions of the Settlement
24 Agreement, including the new base rates, should go into effect as soon as the
25 Commission votes to approve the settlement agreement, which I hope is well before the
26 end of 2008. In particular, as noted by SWEEP, this settlement provides many benefits to
27

1 consumers, including new time of use tariffs and demand side management programs that
2 should be enacted sooner rather than later.

3
4 **D. RUCO's Position on Open Access.**

5
6 **Q. Mr. Pignatelli, do you agree with RUCO's criticism of the Settlement Agreement's**
7 **provisions that the Open Access issue be presented by the parties to the Commission**
8 **for consideration?**

9 A. No. I believe it would be improper for the Commission to decide such a matter of
10 statewide policy affecting numerous other interested parties in a rate case docket. The
11 Settlement Agreement's provision regarding Open Access is consistent with maintaining
12 an appropriate status quo to allow the Commission to address the issue in a generic
13 docket after getting input from all interested parties. In reserving that decision to the
14 Commission, I am at a loss as to how the Settlement Agreement is "deficient", as RUCO
15 asserts, regarding this issue.

16
17 **IV. COMMENTS ON SWEEP TESTIMONY.**

18
19 **Q: Mr. Pignatelli, please comment on the testimony filed by Mr. Jeffrey Schlegel on**
20 **behalf of SWEEP.**

21 A: SWEEP does not oppose the Settlement Agreement. It is important to note that SWEEP
22 agrees with the demand side management proposals in the Settlement Agreement. It
23 appears that SWEEP's hesitation is based simply on timing. Although supportive of the
24 schedule to implement the programs and appreciative of Commission Staff's efforts in this
25 area, SWEEP would like to see those programs implemented on a more aggressive
26 schedule.

1 TEP continues to actively support demand side management programs. As Mr. Schlegel
2 indicated in his testimony, the Commission is in the process of reviewing and approving
3 the programs that we presented in our "DSM Portfolio" docket. Our position remains that
4 the Commission should implement a funding mechanism simultaneous with the effective
5 date of each program. We also believe that for programs approved in 2008, an accounting
6 order allowing TEP to defer collection of the costs until such time as the Commission
7 issues its order in this case implementing the DSM adjustor would be appropriate.
8

9 **Q: Does this conclude your rebuttal testimony?**

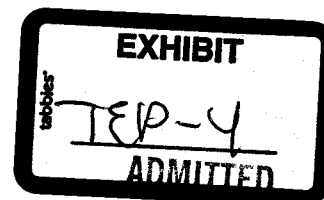
10 **A:** Yes, it does.
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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

MIKE GLEASON - CHAIRMAN
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE



IN THE MATTER OF THE FILING BY TUCSON) DOCKET NO. E-01933A-05-0650
ELECTRIC POWER COMPANY TO AMEND)
DECISION NO. 62103.)

IN THE MATTER OF THE APPLICATION OF) DOCKET NO. E-01933A-07-0402
TUCSON ELECTRIC POWER COMPANY FOR)
THE ESTABLISHMENT OF JUST AND)
REASONABLE RATES AND CHARGES)
DESIGNED TO REALIZE A REASONABLE)
RATE OF RETURN ON THE FAIR VALUE OF)
ITS OPERATIONS THROUGHOUT THE STATE)
OF ARIZONA.)

Direct Testimony in Support of the Settlement Agreement

David G. Hutchens

on Behalf of

Tucson Electric Power Company

June 11, 2008

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1 **I. INTRODUCTION.**

2
3 **Q. Please state your name and address.**

4 A. My name is David G. Hutchens. My business address is One South Church Avenue,
5 Tucson, Arizona 85701.

6
7 **Q. Are you the same David G. Hutchens that previously submitted Direct and Rebuttal**
8 **Testimony on behalf of Tucson Electric Power Company ("TEP" or "Company") in**
9 **this Docket?**

10 A. Yes.

11
12 **Q. Did you participate in the negotiations leading to the settlement agreement?**

13 A. Yes I did.

14
15 **Q. Please summarize your direct testimony in support of the settlement agreement.**

16 A. My testimony addresses: (i) TEP's need for a Purchased Power and Fuel Adjustment
17 Clause ("PPFAC") at this time given the volatility of the fuel and purchased power
18 markets and TEP's increasing dependence on the these markets to meet its increasing
19 system demand; (ii) the structure and operation of the PPFAC adopted in the settlement
20 agreement; (iii) the credits TEP will apply to the PPFAC that will have the effect of
21 reducing the PPFAC charge; and (iv) the benefits that will result from the proposed
22 PPFAC.

1 **II. PURCHASED POWER AND FUEL ADJUSTMENT CLAUSE.**

2
3 **A. Background.**

4
5 **Q. Provide a summary of the PPFAC proposed in the settlement agreement.**

6 A. The PPFAC is similar to the forward-looking Power Supply Adjustor ("PSA") that the
7 Commission approved for Arizona Public Service Company ("APS") in Decision No.
8 69663 (June 28, 2007) as well as the PPFAC the Commission approved for UNS Electric,
9 Inc. in Decision No. 70360 (May 27, 2008). TEP, under the proposed PPFAC, is allowed
10 to recover prudent direct costs of contracts it uses to hedge system fuel and purchased
11 power. The proposed PPFAC consists of a forward component that reflects the projected
12 fuel and purchased power cost as well as a true-up component to recover or return the
13 previous year's difference between actual fuel and purchased power costs recovered
14 through base rates and the PPFAC.

15
16 **B. The Operation of the PPFAC.**

17
18 **Q. Please briefly describe how TEP will recover fuel and purchase power costs under**
19 **the settlement agreement, if approved?**

20 A. Under the settlement agreement, the average base cost of fuel and purchase power will be
21 set at \$0.028896 per kWh. This is based on 2006 Test Year fuel and purchase power
22 expenses. The PPFAC will recover any fuel and purchase power costs greater than the
23 base cost. Should actual fuel and purchase power costs be lower than the base cost,
24 customers will ultimately be credited for the difference through the PPFAC.

1 **Q. What are the components of the PPFAC?**

2 A. The PPFAC rate will consist of two components, the Forward Component and the True-
3 Up Component. The Forward Component adjusts annually for the difference between the
4 forecasted fuel and purchased power costs (expressed as a rate of ¢/kWh) less the base
5 cost of fuel and purchased power embedded in base rates (also expressed as a ¢/kWh
6 rate). The Forward Component will be updated on April 1st of each year, beginning April
7 1, 2009, and will be the forecasted fuel and purchased costs for the year commencing on
8 April 1st and ending on March 31st of each individual PPFAC Year less the average Base
9 Cost of Fuel and Purchased Power reflected in base rates (\$0.028896 per kWh).

10
11 The True-Up Component (expressed as a ¢/kWh rate), also annually adjusts the fuel and
12 purchased power rate embedded in base rates. The purpose of the True-Up rate is to
13 reconcile any over or under-recovered amounts of fuel and purchased power from the
14 preceding year.

15
16 **Q. What elements of fuel and purchased power costs will be recovered through the**
17 **proposed PPFAC?**

18 A. The allowable PPFAC costs include fuel and purchased power costs incurred to provide
19 service to retail customers. The allowable cost components include the following Federal
20 Energy Regulatory Commission ("FERC") accounts: 501 Fuel (Steam), 547 Fuel (Other
21 production), 555 Purchased Power, and 565 Wheeling (Transmission of Electricity by
22 Others). These accounts are subject to change if FERC alters its accounting requirements
23 or definitions. The PPFAC will also allow for recovery of demand charges and costs of
24 contracts used for hedging fuel and purchased power costs.

1 These elements are what Staff recommended in its direct case. TEP had originally
2 proposed additional costs to be included in its Direct and Rebuttal Testimonies, but for
3 purposes of settlement TEP has agreed to Staff's proposal as described in the settlement
4 agreement.

5
6 **Q. Are the FERC Accounts included in the proposed PPFAC the same as those**
7 **included in APS' PSA and UNS Electric's PPFAC?**

8 A. Yes, with one small exception. APS' PSA also includes FERC Account 518, Nuclear
9 Fuel. Neither UNS Electric nor TEP own any nuclear generation and therefore that
10 account is not applicable.

11
12 **Q. Please describe the timing of the implementation of the initial PPFAC rate and the**
13 **process by which future adjustments are administered.**

14 A. The PPFAC Mechanism will be effective starting January 1, 2009. The PPFAC rate will
15 be initially set at zero from January 1, 2009 through March 31, 2009. The first PPFAC
16 Year (and applicable rate) will be from April 1, 2009 through March 31, 2010. The first
17 True-Up Component will include the period of January 1, 2009 through March 31, 2009.

18
19 The Company will file the PPFAC Rate with all component calculations for the PPFAC
20 Year (that begins on the following April 1st), including all supporting data, with the
21 Commission on or before October 31st of each year. The Company will update the
22 October 31st filing by February 1st of the next year. No change to the PPFAC rate shall
23 become effective without Commission approval.

1 **Q. Does the proposed Plan of Administration allow for intra-period adjustments to the**
2 **PPFAC rate?**

3 A. Yes. The Plan of Administration permits the Company to petition the Commission for an
4 adjustment to the Forward Component at any time during a PPFAC Year should an
5 extraordinary event occur that causes a drastic change in forecasted fuel and purchased
6 power prices.

7
8 **Q. Does the proposed PPFAC rate include credits to fuel and purchased power**
9 **expenses?**

10 A. Yes. Although TEP had originally opposed portions of Staff's position, for purposes of
11 settlement TEP has now agreed to Staff's recommendations to include the following
12 credits that will reduce the PPFAC rate:

- 13 1. All Short-Term Wholesale Sales Revenue will be credited to fuel and purchased
14 power costs.
- 15 2. Ten percent (10%) of annual net positive wholesale trading profits will be
16 credited to fuel and purchased power costs annually. Under no circumstances will
17 any annual net loss on wholesale trading incurred by TEP be shared with or borne
18 by ratepayers.
- 19 3. Fifty percent (50%) of the revenues from sales of sulfur dioxide (SO₂) emission
20 allowances will be credited to fuel and purchased power costs.

21
22 **Q. What information will the Company provide to the Commission?**

23 A. The Company will file monthly reports to Staff's Compliance Section and to RUCO
24 detailing all calculations related to the PPFAC in a form and substance suitable to Staff
25 and as detailed in the Plan of Administration. The Commission or Staff may review the
26

1 prudence of fuel and power purchases and any calculation associated with the PPFAC at
2 any time.

3
4 **Q. Does the fuel and purchased power balancing account have an interest component?**

5 A. Yes. The balancing account shall accrue interest based on the one-year Nominal
6 Treasury Constant Maturities rate. This rate is contained in the Federal Reserve
7 Statistical Release, H-15, or its successor publication. The interest rate is adjusted
8 annually on the first business day of the calendar year.

9
10 **C. TEP Needs the PPFAC to Protect its Financial Integrity and to Protect**
11 **against Long-Term Adverse Impacts of the Volatile Full and Purchased**
Power Markets.

12 **Q. What criteria must a utility meet to warrant the authorization of an automatic**
13 **adjustor mechanism such as the proposed PPFAC?**

14 A. An adjustor mechanism is appropriate to address volatile and fluctuating discrete
15 operating expenses. As RUCO acknowledged in the Direct Testimony of Ms. Diaz-
16 Cortez (at 27):

17 "The Arizona Court of Appeals addressed the eligibility requirements of
18 automatic adjustment mechanisms in Scates v. Arizona Corporation
19 Commission. The court indicated that such mechanisms are restricted to
20 certain narrowly defined operating expenses that are characterized by
fluctuations. The Arizona Corporation Commission also defined automatic
adjustor mechanisms as applying to expenses that routinely, or widely,
fluctuate."

21 The adjustor is a more efficient mechanism as it allows more timely recovery of volatile
22 operating costs instead of addressing those issues through a series of protracted rate case
23 hearings. Indeed, the Commission has stated:

24 "The principal justification for a fuel adjustor is volatility in fuel prices. A
25 fuel adjustor allows the Commission to approve changes in rates for a
26 utility in response to volatile changes in fuel and purchased power prices

1 without have to conduct a rate case.” (Arizona Public Service Company,
2 Decision No. 56450 (April 13, 1989) at page 6)

3 Further, the PPFAC sends more accurate and timely price signals to our customers. Such
4 signals allow consumers make more informed decisions about their electricity use in
5 order to appropriately manage their electricity bill.
6

7 **Q. Do you believe TEP’s fuel and purchased power expenses meet these criteria?**

8 A. Absolutely. It is undisputed that the nation as a whole is experiencing unprecedented
9 volatility for all types of fuel costs, including coal, natural gas and petroleum products
10 (gasoline and fuel oil). TEP is not insulated from these markets and faces volatility for
11 all of its coal, natural gas and purchased power expenses. This exposure to volatility will
12 increase in the future as more natural gas and purchased power will be required to supply
13 TEP’s load.
14

15 **Q. How has TEP’s coal costs changed in the last few years?**

16 A. Those costs have also increased substantially. For example, TEP’s coal costs increased
17 8.3% from 2004 to 2006 during the last years of a fixed price short-term (3-year) coal
18 arrangement at the Sundt facility. The Company further experienced additional cost
19 increases in 2007, especially at Sundt, San Juan and Navajo. The increases at those
20 locations combined equaled 8.8% just from 2006 to 2007 – and a total combined increase
21 of 17.8% from 2004 to 2007. (See RUCO Exhibit MDC-B, which is attached to the
22 Direct Testimony of Marylee Diaz Cortez in this docket).
23

24 In addition, Staff Witness Emily S. Medine explains the effect of global competition on
25 coal prices and correctly concludes that the mines serving TEP’s plants are not insulated
26

1 from higher prices. Exhibit EVA-20 (which is attached to Ms. Medine's Direct
2 Testimony in this docket) specifically addresses the volatility of Colorado coal prices.
3 Coal that was priced at \$15 per ton in January of 2003 was priced over \$40 per ton in
4 January of 2006.

5
6 **Q. Why is coal cost volatility important relative to TEP?**

7 A. It is important because TEP's coal supplies are not all under long-term supply
8 arrangements. In fact, Sundt supply is directly affected by the volatility in the coal
9 markets. Although the other plants are under long-term agreements that ensure the
10 supply of coal, the price of such coal is still subject to increases in the miner's costs and
11 changes in mining regulations. For example, the price of coal from Lee Ranch Mine to
12 supply Springerville Station will be based on the then-current Powder River Basin coal
13 market beginning in 2010. Further, the long-term agreement with the railroad to deliver
14 coal to Springerville expires in 2011 and TEP will be required to negotiate a new
15 agreement with the BNSF Railroad.

16
17 **Q. Have the Company's total fuel and purchased power rates changed over the last few
18 years?**

19 A. Yes. For example, RUCO's Exhibit MDC-B clearly shows a total fuel and purchased
20 power rate increase of 23% between 2004 and 2005, and a 19% increase from 2006 to
21 2007.

22
23 **Q. Do you have historical prices for natural gas, coal and purchased power?**

24 A. Yes. Attached as Exhibit DGH-13 to my previously filed Rebuttal Testimony in this
25 docket are data showing natural gas and power prices. Exhibit EVA-20 from Ms.
26

1 Medine's Direct Testimony provides relevant coal price information.
2

3 **Q. What do you conclude about natural gas, coal and power from these exhibits?**

4 A. I believe these exhibits show that all of these markets are volatile and subject to wide
5 fluctuations, but also show that prices for natural gas and purchase power – and even coal
6 – have been increasing over recent time.
7

8 **Q. Is it the fluctuating and volatile nature of these markets the principal reason TEP**
9 **needs the proposed PPFAC?**

10 A. Yes. This is because TEP relies on significant quantities of natural gas and purchased
11 power to meet its retail load. Although TEP has served the majority of its load with
12 company-owned generating resources, it relies more and more on natural gas and power
13 that is purchased at market prices to meet its ever-growing customer demand. In other
14 words, there is increased dependence on the natural gas and purchased power markets to
15 provide for TEP's growing load.
16

17 Without the proposed PPFAC, the volatile fuel and energy markets will likely cause
18 large deferrals of uncollected costs that would not be repaid in a timely manner. These
19 would likely result in large future surcharges to TEP's customers, while also adversely
20 affecting TEP's ability to secure financing on favorable terms. Large deferrals also
21 could affect the Company's ability to secure natural gas and purchase power in the future
22 on terms that are favorable to the Company and its customers. In fact, the Company
23 would likely face credit terms that could hurt its ability to secure reasonably-priced fuel
24 and purchase power in the future because sellers would likely require credit
25 enhancements such as prepayment or letters of credit. Consequently, this could lead to
26

1 TEP being unable to hedge future prices or enter into long term resource or contract
2 commitments – thereby forcing TEP to rely heavily on the especially volatile short-term
3 and spot markets. In short, large deferrals that are not timely resolved ultimately lead to
4 higher costs to customers.

5
6 By contrast, TEP believes that the proposed PPFAC will avoid large deferrals and would
7 avoid the need to request large surcharges or credits. Instead, the proposed PPFAC
8 creates a situation where adjustments to the fuel and purchased power costs are more
9 immediate and moderate, thereby avoiding large deferrals. Avoiding such deferrals will
10 improve TEP's credit and enhance its ability to secure reasonably-priced fuel and
11 purchase power. This significantly lessens the need to rely on the spot markets and
12 avoids the potentially higher costs associated with an increased reliance on these
13 markets.

14
15 **D. The Proposed PPFAC Provides Significant Benefits to both the Company**
16 **and its Customers.**

17 **Q. What are the benefits to the customers of the proposed PPFAC?**

18 A. As I discussed above, the proposed PPFAC would mean the Company mostly avoids the
19 large deferrals that lead to increased costs to customers. The one-year forward-looking
20 nature of the proposed PPFAC also gives TEP's customers the correct price signals to
21 allow them to prepare for expected bills and make informed decisions about demand-side
22 management, conservation, and investments to reduce their consumption. By incurring
23 more accurate and timely energy bills, consumers can make more informed near-term
24 choices about how to manage their electricity usage through energy efficiency measures
25 and conservation. The proposed forward-looking PPFAC mitigates this effect by using
26

1 forecasts of these future costs when setting the next year's PPFAC rate. It is important to
2 note that the forecasts of future costs are only for the following year. Further, the
3 mechanism is designed to set the Forward Component as close as possible to the
4 upcoming PPFAC year, so that forecasts are as current as possible.

5
6 In addition, without such a mechanism that expediently reconciles the actual cost of
7 consuming power, there would be a significant lag that could lead to inter-generational
8 inequities because future customers would be responsible to pay for fuel expenses
9 consumed by previous customers. Also, the PPFAC rate is an annual rate that is set in
10 advance, thereby limiting the confusion sometimes caused by rates that change each
11 month.

12
13 If TEP were to operate without a PPFAC, and have to recover fuel and purchase power
14 costs through base rates, that would likely increase the chances of TEP having to file
15 more rate cases over a set period of time. That is because TEP would not be able to
16 recover any fuel and purchase power costs over what was set in base costs. Given the
17 volatile nature of the fuel and energy markets, TEP would face the prospect of having to
18 finance substantial fuel and purchase power costs until the appropriate recovery was
19 approved by the Commission in a subsequent rate case. Given the necessary time it takes
20 to fully litigate a rate proceeding, these substantial unrecoverable costs would be over a
21 significant period of time. The financial impact of carrying those costs would adversely
22 affect TEP's ability to secure additional and future sources of fuel and purchase power on
23 favorable times – while likely increasing fuel and purchase power costs to customers over
24 what they would likely be with the proposed PPFAC in place.

1 Finally, adopting the PPFAC should reduce the number of rate cases the Company may
2 need to file. Such a reduction in the number of rate cases will allow the Company,
3 Commission Staff and the Interveners to more efficiently utilize their limited resources in
4 other matters, thereby more effectively serving the public interest. As importantly, the
5 reduced litigation expense benefits our customers as they ultimately bear the expenses
6 associated with rate cases. Therefore, TEP does not believe that it is in the public interest
7 to deny the proposed PPFAC. To the contrary, the public interest supports the timely
8 recovery of fuel and purchase power costs.
9

10 **Q. What are the benefits to the Company of the proposed PPFAC?**

11 A. The proposed PPFAC greatly mitigates TEP's concern that the volatile fuel and energy
12 markets would cause large deferrals of uncollected costs. With such an adjustor
13 mechanism to timely address these costs in a way that sends accurate price signals to
14 customers, the Company would not likely incur substantial deferrals that could affect its
15 ability to secure financing on favorable terms. It would also enhance the Company's
16 ability to secure natural gas and purchase power in the future on terms favorable to the
17 Company and its customers. The proposed PPFAC would also protect TEP's ability to
18 hedge future prices or enter into long-term resource or contract commitments – and not
19 force TEP to rely heavily on the volatile short-term and spot markets. The proposed
20 PPFAC insures that this recovery occurs in a timely manner under the purview of the
21 Commission and its Staff.
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1 **E. The PPFAC is in the Public Interest.**

2
3 **Q. Please explain why the PPFAC is in the Public Interest.**

4 A. It is in the public interest to protect TEP from large fuel and purchased power deferrals
5 that can adversely affect its financial integrity and to provide meaningful price signals to
6 TEP's customers. It is in the public interest to have a PPFAC in which adjustments to the
7 fuel and purchased power costs are more immediate and moderate. The Company further
8 believes the proposed PPFAC is in the best long-term interest of both the Company and
9 its customers by enhancing TEP's financial integrity that will ultimately translate to
10 lower rates to its customers through lower financing and power procurement costs.

11
12 **Q. Do the credits to customers contained within the PPFAC provide definite and**
13 **immediate customer benefits?**

14 A. Yes. The built-in PPFAC credits are immediate and precise benefits to TEP's customers.
15 These include: (1) All Short-Term Wholesale Sales Revenue will be credited to fuel and
16 purchased power costs; (2) ten percent (10%) of annual net positive wholesale trading
17 profits will be credited to fuel and purchased power costs annually – and under no
18 circumstances will any annual net loss on wholesale trading incurred by TEP be shared
19 with or borne by ratepayers; and (3) fifty percent (50%) of the revenues from sales of
20 sulfur dioxide (SO₂) emission allowances will be credited to fuel and purchased power
21 costs. Although TEP had originally proposed somewhat different credits to the
22 customers benefit, the Company has accepted Staff's proposed credits and recognizes
23 their tangible public benefit. TEP endorses these in the proposed PPFAC as a part of the
24 settlement agreement.

1 Q. Does this conclude your Direct Testimony supporting the settlement agreement?

2 A. Yes.

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3-Year Return Calculation of UniSource Energy Stock	
UNS Dividend Adjusted Price on 6/30/2005 (1)	\$28.32
UNS Price on 6/30/2008	\$31.01
3-Year Total Return (1)	9.5%
<hr/>	
3-Year Annual Treasury Yield on 6/30/05	3.7%
Total Return of 3-Year Treasury on 6/30/08	11.4%

(1) Assumes dividend reinvestment

Sources:

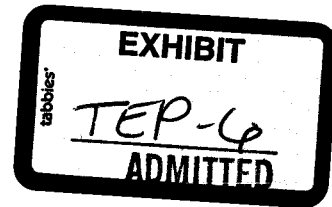
- UNS prices from Yahoo Finance
- Historic treasury yields from Federal Reserve data

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

MIKE GLEASON - CHAIRMAN
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE



IN THE MATTER OF THE FILING BY TUCSON)
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IN THE MATTER OF THE APPLICATION OF)
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DESIGNED TO REALIZE A REASONABLE)
RATE OF RETURN ON THE FAIR VALUE OF)
ITS OPERATIONS THROUGHOUT THE STATE)
OF ARIZONA.)

DOCKET NO. E-01933A-07-0402

Direct Testimony in Support of the Settlement Agreement

Dallas J. Dukes

on Behalf of

Tucson Electric Power Company

June 11, 2008

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	Exhibit DJD-8 Proposed Direct Access Rules and Regulations	

1 **I. INTRODUCTION.**

2
3 **Q. Please state your name and business address.**

4 A. My name is Dallas J. Dukes and my business address is One South Church Avenue,
5 Tucson, Arizona, 85702.
6

7 **Q. By whom are you employed and what are your duties and responsibilities?**

8 A. I am the Manager of Rates and Revenue Requirements for Tucson Electric Power
9 Company ("TEP" or the "Company"). As Manager of Rates and Revenue
10 Requirements, I am responsible for monitoring and determining revenue requirements,
11 customer pricing and rate structures for all the regulated utility subsidiaries of
12 UniSource Energy Corporation ("UniSource Energy").
13

14 **Q. Mr. Dukes, did you file Direct and Rebuttal testimony in this proceeding?**

15 A. Yes, I did.
16

17 **Q. What is the purpose of your Direct Testimony in support of the settlement**
18 **agreement?**

19 A. My testimony supports the agreed-upon allocation of the rate increase across classes
20 (rate spread), rate design, and rules and regulations.
21

22 **Q. Could you please summarize your testimony?**

23 A. In support of the settlement agreement I will discuss changing the rate design as agreed
24 upon by the parties, eliminating the free footage allowance in the Company's Rules and
25 Regulations and the transition plan necessary to allow for that elimination.
26

1 **Q. Why do you believe approving the settlement agreement would be in the public**
2 **interest from a rate design perspective?**

3 **A.** I believe the rate design as proposed in the settlement agreement will implement rates
4 that are innovative, conservation-oriented and customer friendly. The following specific
5 benefits will apply throughout TEP's service territory:

- 6 1. Adopting a pro-conservation inclining block structure for Residential and Small
7 General Service Customers (typically under 200 kW) where the incremental per-
8 kWh price increases with usage.
- 9 2. Expanding residential time-of-use ("TOU") alternatives – by establishing three
10 new voluntary residential TOU programs with inverted block structures that
11 offer opportunities for customers to save money through conserving energy *and*
12 shifting usage to the off-peak period.
- 13 3. Establishing a TOU education program aimed at expanding customer
14 understanding of TOU and increasing customer acceptance and subscription to
15 the program.
- 16 4. Holding low-income residential customers harmless from the base rate increase.
17 In other words low-income residential customers will see no increase in the
18 monthly customer charge or the per-kWh volumetric rates. Further, these
19 customers are not subject to the Purchased Power and Fuel Adjuster Clause
20 ("PPFAC") and any change to the PPFAC rate.
- 21 5. Expanding TOU programs for larger commercial and industrial customers – and
22 removing TOU subscription caps for these customers.
- 23 6. Increasing demand charges relative to energy charges for larger commercial and
24 industrial customers. This encourages better customer load factors, and
25
26

1 decreases in peak demand (which may contribute to capacity requirements)
2 relative to energy use.

- 3 7. Committing to propose (1) a partial requirements tariff that will not impede
4 renewable self-generation; (2) a viable interruptible tariff; and (3) a demand
5 response program.

6
7 **II. RATE DESIGN.**

8
9 **Q. Please discuss the “rate spread” provision as contained in the settlement**
10 **agreement at paragraph 16.1 on page 19.**

11 **A.** Rate spread refers to the allocation of the rate increase across customer classes. The
12 Parties have agreed to allocate or “spread” the base revenue increase equally across all
13 customers, so that each rate schedule will reflect the same increase of 6.1% in adjusted
14 base revenues. The 6.1% increase is the result of holding low-income customers
15 harmless from the rate increase. The weighted average increase across all customers,
16 including the low-income customers, is 6.03%.

17
18 **Q. Please explain the relationship between the 6.1% increase in base rates and the**
19 **Demand-Side Management (“DSM”), Renewable Energy Standard and Tariff**
20 **(“REST”) and PPFAC charges.**

21 **A.** The DSM charge, the REST charge and the PPFAC charge are not part of the 6.1%
22 overall base rate increase. Those cost recovery charges will be separately assessed to
23 customers. As I discuss below, the overall bill impact to a particular customer will
24 depend on the customer’s usage, particularly given the inclining block rate structure.
25 Some lower usage customers could see an overall increase less than 6.1% *including* the
26

1 DSM and PPFAC charges. Some higher usage customers could see an increase
2 significantly higher than 6.1%, particularly when the DSM and PPFAC charges are
3 included. REST replaced the Environmental Portfolio Surcharges formerly in rates.
4 REST charges went into effect June 1, 2008 and are included in the current rate
5 calculations used in Exhibits attached to my Direct Testimony in Support of the
6 Settlement.

7
8 **1. Inclining Block Rate Structure.**

9
10 **Q. You mentioned an inclining or inverted block structure for Residential and Small**
11 **General Service Customers. What are the benefits of these schedules?**

12 A. The inclining block rate structure imposes higher incremental prices on higher kWh
13 usage, and therefore will encourage customers to conserve. Moreover, higher prices in
14 the upper block(s) allow the first block price to be lower. This allows service for basic
15 needs to be priced at lower levels. In the proposed residential rates, the first block is 0
16 to 500 kWh. Exhibit DJD-4 shows an example of potential usage for a hypothetical
17 low-use customer.

18
19 **Q. Please describe how the inclining block structure is applied to the residential rate**
20 **design.**

21 A. Under the settlement agreement, Residential Pricing Plan R01N has a seasonal
22 (summer/winter) structure and three rate blocks. The first block applies to kWh usage
23 from 0 through 500 kWh. This is the lowest priced block. The second and third blocks
24 are monthly kWh usage of 501 to 3,500 and over 3,500 kWh, respectively. The
25
26

1 inverted block structure results in the smallest increases for lower-use customers, with
2 average usage under 500 kWh.

3
4 The attached Exhibit DJD-5 shows the potential bill impacts for customers with varying
5 usage. Given the inclining block rate structure, the impact of the base rate increase
6 agreed to in the settlement agreement will actually be less than 6.1% for residential
7 customers with lower usage. The cost recovery charges for the DSM adjustor and the
8 PPFAC adjustor will further increase the bill impact beyond the base rate increase. The
9 DSM charge proposed in the settlement agreement is \$0.000639 per kWh. The PPFAC
10 rate will actually be set at zero until April 1, 2009. At that time, it will be adjusted
11 pursuant to the PPFAC Plan of Administration. Using a hypothetical PPFAC rate of
12 \$0.004 (the actual PPFAC rate to be set in April 2009 (i) will depend on the
13 Commission's resolution of this docket, (ii) may increase or decrease depending on the
14 actual fuel and purchased power markets at the time the PPFAC rate is requested, and
15 (iii) must be approved by the Commission prior to going into effect) and the proposed
16 DSM charge, many lower usage residential customers will still see an overall bill
17 impact of less than 6.1%, even including those cost recovery charges. However, given
18 the inclining block rate structure, higher usage customers will see a bill impact greater
19 than 6.1%. As shown in Exhibit DJD-5, the actual increase for a particular customer
20 depends on actual usage.

21
22 In Exhibit DJD-5, the data is subdivided into ten deciles. Each decile represents 10% of
23 bills issued to customers. The lowest decile represents the 10% of bills with the lowest
24 usage. The highest decile represents the 10% of bills with the highest usage. As can be
25 seen from the exhibit, over 50% of the bills are for customers with average usage below
26

1 705 kWh (the median usage for the residential class) and would incur an overall
2 increase of less than 5.3%. However, only 0.4% of that is related to the base rate
3 increase, and thus 4.9% of the increase is due to the hypothetical PPFAC and DSM cost
4 recovery assumptions. The residential customer base has an average monthly usage of
5 approximately 900 kWh; this would produce an overall increase of 8.1%. However,
6 only 3.2% of that is related to the base rate increase, and thus 4.9% of the increase is
7 due to the hypothetical PPFAC and DSM cost recovery assumptions. The average
8 usage for the class is significantly higher than the median for the class because the
9 larger usage customers are a small percentage of the customers but a significant
10 percentage of the usage. The largest 30% of customers account for 56% of residential
11 usage; which means that the 70% of smaller customers account for only 44% of usage.
12

13 **Q. Does TEP have substantial numbers of low-use customers?**

14 A. Yes. The Exhibit DJD-5 shows that there are a few residential customers consuming
15 disproportionate levels of kWh, and large numbers of customers consuming smaller
16 quantities. That last 10% of customers alone account for almost 27% of residential
17 usage. By encouraging the higher usage customers to conserve or pay a premium, we
18 are able to keep over 50% of the customer base at or below the 6% increase level
19 inclusive of the REST, DSM and an assumed PPFAC.
20

21 **Q. Based on the data, how many residential customers use more than 3,500 kWh per**
22 **month, on average?**

23 A. Less than 2% of bills exceed this threshold. Under the settlement agreement, these
24 customers will see increases of substantially more than the average 6% residential
25
26

1 increase. While these customers are not required to reduce usage, the inverted block
2 rate structure will send clear price signals that encourage conservation.

3
4 **Q. Please describe how the inclining block structure is applied to the Small General**
5 **Service rate design (Pricing Plan GS-10).**

6 A. Under the settlement agreement, the Small General Service Pricing Plan is re-designed
7 as a two block inverted rate structure. The first block is the first 500 kWh per month,
8 and the second block is usage over 500 kWh per month. This inverted block structure
9 also applies to Rate GS-76N, the Time-of Use companion rate to Rate GS-10. Many
10 general service customers are small users with 30% of the general service customers
11 using less than 500 kWh.

12
13 **2. Inclining Block TOU Rates.**

14
15 **Q. Will the inclining block structure also apply to the new residential TOU schedules**
16 **R70BN, R70CN, and R70DN?**

17 A. Yes. Consequently, new residential TOU customers will be able to save money by both
18 conserving energy and shifting usage to off-peak periods.

19
20 **Q. Have you considered the potential for customer savings under the new residential**
21 **TOU rates?**

22 A. Yes. As mentioned, customers can save both by conserving and by shifting load to off-
23 peak periods. Recall that the median customer (using 705 kWh, on average) sees a non-
24 TOU bill increase of 5.3%. If the customer switches to a new optional TOU alternative,
25 he can eliminate most of this increase by moving half of his peak energy use to off-
26

1 peak. Additional usage reductions would increase his percentage savings under TOU
2 due to the inverted block structure.

3
4 The shifts from on-peak to off-peak are reasonably achievable, because the summer
5 peak period lasts only four hours per day in the summer and eight hours per day in the
6 winter. Given that summer air-conditioning contributes substantially to summer peak
7 for the average customer, there is opportunity for discretionary reductions. Overall
8 usage levels can also be reduced by things like reduced lighting requirements
9 accomplished through a switch to compact fluorescent bulbs. The new TOU rates
10 combined with the proposed inverted block structure will provide added incentive and
11 reward to customers willing to conserve, who shift usage to off-peak periods and who
12 purchase more energy efficient products.

13
14 **Q. What happens to customers under the existing TOU rates?**

15 A. All existing TOU rates will be frozen to new subscription. However, existing
16 customers will be allowed to keep their current TOU rates (as adjusted for the rate
17 increase), or they can abandon that program and switch to a newly designed TOU rate.
18 This applies to all existing residential TOU rates, as well as large general service and
19 large light and power service.

20
21 **Q. Will an inverted block TOU pricing plan be developed for general service
22 customers?**

23 A. Yes. The new General Service TOU Pricing Plan GS-76N will have an inverted block
24 rate structure.

1 **3. Low-Income Customer Pricing Plans.**

2
3 **Q. Please explain how low-income customers are held harmless from the rate**
4 **increase.**

5 **A.** Under the settlement agreement, the 6% increase in base revenue will not apply to
6 existing low-income programs. As a result, all rate schedules except for low-income
7 will receive a 6.1% increase. Low-income customers will continue to purchase service
8 under schedules currently in place, unadjusted for the rate increase. Moreover, they will
9 not be subject to the PPFAC adjustment. The PPFAC dollars that would have been
10 charged to the low-income customers are reallocated to the remaining customers. These
11 customers will be subject to the newly established DSM charge, which they would have
12 been subject to even absent the settlement agreement. They also would continue to be
13 subject to the REST charge that has been approved by the Commission, again which
14 they would have been subject to even absent the settlement agreement.

15
16 **4. Other Rate Design Features.**

17
18 **Q. What was TEP's goal in designing rates for large commercial and industrial**
19 **customers?**

20 **A.** Under the settlement agreement, demand charges are increased relative to energy
21 charges, which has the effect of promoting increased load factor and reduced peak
22 demands. This could help TEP avoid the type of demand spikes that could result in
23 additional capacity needs. This rate design was supported by commercial and industrial
24 representatives and was not opposed by any party. New TOU rates are available
25 without subscription restrictions to these customers.
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Q. What commitments has TEP made regarding Partial Requirements Tariffs?

A. TEP has committed to work with Staff and interested stakeholders in the creation and implementation of revised partial requirements tariffs that will not inhibit the installation of renewable resources. The tariffs will provide for supplemental service based on unbundled delivery price components applicable to full requirements customers. Maintenance service will also be provided that recognizes that such service can be scheduled during periods of lower cost-to-serve. Standby service shall be priced at a level that balances the cost recovery needs of TEP against the desires of stakeholders to promote economically viable self-generation.

Q. What commitments has TEP made regarding interruptible service?

A. TEP has also committed to work with Staff and interested stakeholders in the creation and implementation of an interruptible tariff that provides a range of options with respect to notice requirements, duration and frequency. Participating customers will receive credits based on avoided capacity costs. The tariff may have options for economic interruptions as well as for interruptions based on capacity or transmission constraints.

Q. What commitments has TEP made regarding demand response programs?

A. TEP has further committed to work with Staff and interested stakeholders in the creation and implementation of demand response programs. The focus of these programs will be the promotion of critical period load reduction during high incremental cost periods.

1 **Q. Have you included all proposed tariffs with your Direct Testimony in support of**
2 **the settlement agreement?**

3 A. Yes. Attached as Exhibit DJD-6 is a list of all current and proposed tariffs, riders and
4 adjustors and the actual proposed tariffs (clean and red-line) being proposed at this time.
5 The partial requirements, interruptible and demand response tariffs have not yet been
6 fully developed and are not included in Exhibit DJD-6.

7
8 **III. RULES AND REGULATIONS.**

9
10 **Q. Has the Company agreed to eliminate any free footage allowance in its Rules and**
11 **Regulations?**

12 A. Yes. This is the one significant change from the Rules and Regulations TEP filed in its
13 original application. It was necessary, however, to modify several subsections within
14 the Rules and Regulations to clearly indicate how and at what rate a customer,
15 developer or sub-divider will be charged for a requested line extension – as a result of
16 that elimination.

17
18 **Q. Why has the Company agreed to the elimination of free footage for line**
19 **extensions?**

20 A. The Company has agreed to eliminate free footage based on the knowledge that the
21 Commission has ordered this same change for TEP's affiliate company UNS Electric
22 and for the other major investor owned electric utility within the State.

1 **Q. Is the Company proposing a transition period?**

2 A. Yes. The Company believes that from the effective date of the new rules and
3 regulations as established in the Order in this case, there should be a six-month period
4 for customers, developers and sub-dividers to get a TEP-approved line extension
5 agreement or service application to be eligible for the current free footage allowance.
6 Those new applicants must make provisions for TEP to install and energize the
7 extension and service facilities within eighteen months from the date of their respective
8 agreement and/or application. In addition, all existing approved line extension
9 agreements and service applications will have eighteen months from the effective date
10 of the Rules and Regulations to make provisions for TEP to install and energize the
11 extension and service facilities.

12
13 **Q. Have you included the proposed Rules and Regulations as an exhibit with your**
14 **Direct Testimony in support of the settlement agreement?**

15 A. Yes. The proposed revised rules and regulations (both clean and redline versions) are
16 Exhibit DJD-7. The proposed revised direct access rules and regulations (both clean
17 and redline versions) are Exhibit DJD-8. The revisions include our previous proposed
18 revisions and the new revisions to eliminate the free footage allowance. The newest
19 revisions are highlighted in grey within the redline version attached to my Testimony.

20
21 **Q. Does this conclude your Direct Testimony in support of the settlement agreement?**

22 A. Yes it does.
23
24
25
26

EXHIBIT

DJD-4

Potential Consumption at 500 kWh

Item	Usage Pattern or Information Source	Monthly kWh
19 cf top-freeze refrigerator - automatic defrost	1992 Refrigerator Guide (905 kWh/average plus 50% degradation due to age)	113
25 " color solid-state television	165 watts - 8 hours/day	40
Lighting	6 - 60 watts - 4 hours/day	43
4000 cfm evaporative cooler (high speed)	352 watts - 12 hours/day	127
4000 cfm evaporative cooler (low speed)	180 watts - 12 hours/day	65
Clock radio	10 watts - 8 hours/day	2
Microwave Oven	1500 watts - 10 minutes/day	8
Toaster	900 watts - 5 minutes/day	2
Vacuum Cleaner	1140 watts - 30 minutes/week	2
Electric Oven	3100 watts - 3 hours/week	40
Electric Range	1350 watts - 1 hour/day	41
Dishwasher	1180 watts - 3 hours/week	15
Total Monthly Consumption		498

EXHIBIT

DJD-5

**Tucson Electric Power Company
Residential Bill Impact Analysis
Test Year Ended December 31, 2006**

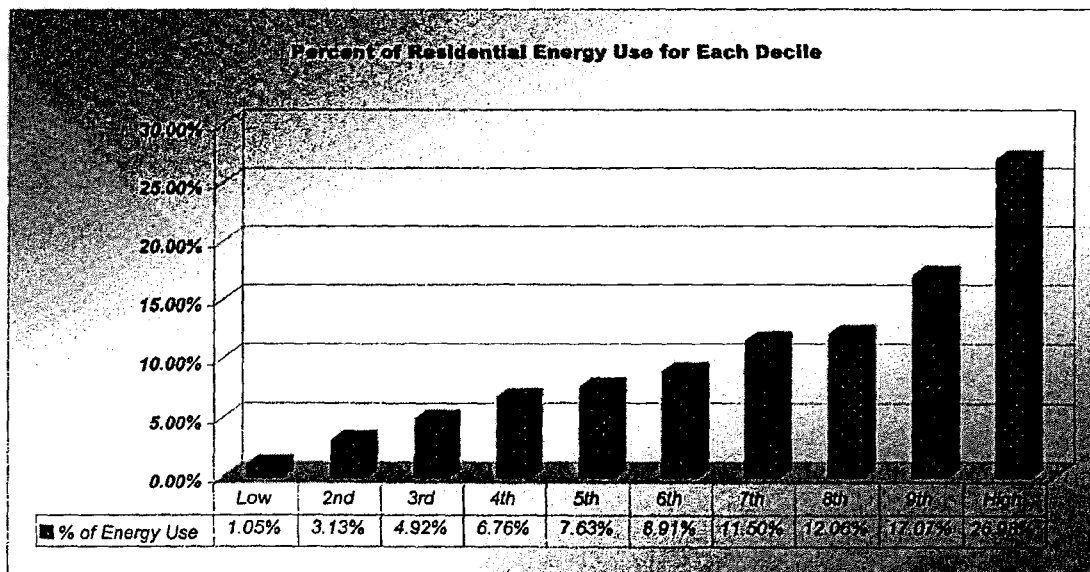
Exhibit DJD - 5

	Decile	Percent of Bills	% of Energy Use	Cumulative	Average kWh for Decile (upper bound)	% Increase in Annual Bills
Lowest Decile (10%) of Bills	Low	10.00%	1.05%	1.05%	189	6.0%
2nd Decile (10 %) of Bills	2nd	10.00%	3.13%	4.17%	332	2.0%
3rd Decile (10 %) of Bills	3rd	10.00%	4.92%	9.09%	451	1.4%
4th Decile (10 %) of Bills	4th	10.00%	6.76%	15.85%	573	3.1%
5th Decile (10 %) of Bills	5th	10.00%	7.63%	23.48%	705	5.3%
6th Decile (10 %) of Bills	6th	10.00%	8.91%	32.39%	860	7.7%
7th Decile (10 %) of Bills	7th	10.00%	11.50%	43.89%	1,059	9.7%
8th Decile (10 %) of Bills	8th	10.00%	12.06%	55.95%	1,277	11.3%
9th Decile (10 %) of Bills	9th	10.00%	17.07%	73.02%	1,712	13.3%
Highest Decile (10 %) of Bills	High	10.00%	26.98%	100.00%	4,455	22.2%

Note: The upper bound on the highest decile is set at the upper bound on the 99.75 percentile (only 25 bills in every 10,000 are higher).

When residential bills are sorted by energy use, one sees that there are significant differences in usage between the bill deciles.

- * Bills in the Highest Usage decile account for 25 time more usage than bills in the lowest decile.
- * 56% of residential usage is in highest 3 deciles; 44 % is in the remaining 7 deciles.
- * The highest decile (10% of bills) accounts for more usage than the 1st 5 deciles combined.



EXHIBIT

DJD-6

TARIFFS

CLEAN VERSION

TUCSON ELECTRIC POWER COMPANY TARIFFS, RIDERS AND ADJUSTORS

NON - REDLINE

Current and Proposed Pricing Plans	Current Pricing Plans	Proposed Pricing Plans
RESIDENTIAL LIFELINE		
Residential Lifeline Senior Discount	R-04 - FROZEN	CLOSED
Residential Lifeline Senior Discount		R-04-01F - FROZEN
Residential Lifeline Senior Discount		R-04-21F - FROZEN
Residential Lifeline Senior Discount		R-04-70F - FROZEN
Residential Lifeline Discount	R-05 - FROZEN	CLOSED
Residential Lifeline Discount		R-05-01F - FROZEN
Residential Lifeline Discount		R-05-21F - FROZEN
Residential Lifeline Discount		R-05-70F - FROZEN
Residential Lifeline Discount		R-05-201AF - FROZEN
Residential Lifeline Discount		R-05-201BF - FROZEN
Residential Lifeline Discount	R-06	CLOSED
Residential Lifeline Discount		R-06-01
Residential Lifeline Discount		R-06-21F - FROZEN
Residential Lifeline Discount		R-06-70
Residential Lifeline Discount		R-06-201A
Residential Lifeline Discount		R-06-201B
Residential Lifeline Discount		R-06-201C
Residential Lifeline/Medical Life-Support Discount	R-08	CLOSED
Residential Lifeline/Medical Life-Support Discount		R-08-01
Residential Lifeline/Medical Life-Support Discount		R-08-21F - FROZEN
Residential Lifeline/Medical Life-Support Discount		R-08-70
Residential Lifeline/Medical Life-Support Discount		R-08-201A
Residential Lifeline/Medical Life-Support Discount		R-08-201B
Residential Lifeline/Medical Life-Support Discount		R-08-201C
RESIDENTIAL		
Residential Electric Service	R-01	R-01
Residential Electric Water Heating Service - Frozen	R-02F - FROZEN	R-02F - FROZEN
Residential Time-of-Use	R-21F - FROZEN	R-21F - FROZEN
Residential Time-of-Use	R-70	R-70F - FROZEN
Residential Time-of-Use		R-70N-B
Residential Time-of-Use		R-70N-C
Residential Time-of-Use		R-70N-D
Special Residential Electric Service	R-201A	R-201AF - FROZEN
Special Residential Electric Service	R-201B	R-201BF - FROZEN
Special Residential Electric Service	R-201C	R-201CF - FROZEN
Special Residential Electric Service		R-201AN
Special Residential Electric Service		R-201BN
Special Residential Electric Service		R-201CN
Special Residential Schedule No. 208 Heating, Cooling & Comfort Guarantee	R-208	R-208
GENERAL SERVICE - COMMERCIAL		
General Service	GS-10	GS-10
General Service Time-of-Use	GS-76	GS-76F - FROZEN
General Service Time-of-Use		GS-76N
Interruptible Agricultural Pumping Service	GS-31	GS-31
Mobile Home Park Electric Service	GS-11	GS-11F - FROZEN
Large General Service	LGS-13	LGS-13
Large General Service Time-of-Use	GS-85A	LGS-85AF - FROZEN
Large General Service Time-of-Use	GS-85F - FROZEN	LGS-85F - FROZEN
Large General Service Time-of-Use		LGS-85N

TUCSON ELECTRIC POWER COMPANY TARIFFS, RIDERS AND ADJUSTORS

NON - REDLINE

Current and Proposed Pricing Plans	Current Pricing Plans	Proposed Pricing Plans
LARGE LIGHT AND POWER - INDUSTRIAL		
Large Light and Power Service	LLP-14	LLP-14
Large Light and Power Service Time-of-Use	LLP-90A	LLP-90AF - FROZEN
Large Light and Power Service Time-of-Use	LLP-90F - FROZEN	LLP-90F - FROZEN
Large Light and Power Service Time-of-Use		LLP-90N
PUBLIC AUTHORITY & STREET/HIGHWAY LIGHTING		
Traffic Signals and Street Lighting Service	PS-41 (includes PS-47)	PS-41 (includes PS-47)
Municipal Service	PS-40	PS-40
Municipal Water Pumping Service	PS-43	PS-43
Public Street Lighting Service	PS-50	PS-50
Private Street and Area Lighting Service	GS-51 (includes GS-52)	GS-51 (includes GS-52)
PARTIAL REQUIREMENTS		
General Service - Partial Requirements Service Less Than 200 kW	PRS-10	PRS-10
Large General Service - Partial Requirements Service From 200 kW to Less Than 3,000 kW	PRS-13	PRS-13
Large Light and Power - Partial Requirements Service 3,000 kW and Greater	PRS-14	PRS-14
Non-Firm Power Purchase from Renewable Energy Resources and Qualifying Cogeneration Facilities of 100 kW or Less Capacity	PRS-101	PRS-101
Firm Power Purchase from Renewable Energy Resources and Qualifying Cogeneration Facilities of 100 kW or Less Capacity	PRS-102	CLOSED
Supplementary, Backup, Maintenance and Interruptible Service for Cogeneration and Small Power Production Qualifying Facilities (QF) under 100 kW	PRS-103	CLOSED
Optional Supplementary Service for Cogeneration and Small Power Production Qualifying Facilities (QF) over 100 kW	PRS-104	CLOSED
Optional Maintenance Service for Cogeneration and Small Power Production Qualifying Facilities (QF) over 100 kW	PRS-105	CLOSED
Optional Backup Service for Cogeneration and Small Power Production Qualifying Facilities (QF) over 100 kW	PRS-106	CLOSED
Optional Backup Energy Service for Self-Generation Facilities over 3 MW	PRS-107	CLOSED
Optional Maintenance Energy Service for Self-Generation Facilities over 3 MW	PRS-108	CLOSED
RIDERS AND OTHER		
Purchased Power Fuel Adjuster Clause (PPFAC)		Rider-1
Demand Side Management Surcharge Rider (DSMS)		Rider-2
Market Generation Credit (MGC) Calculation	MGC-1	MGC-1
Market Generation Credit (MGC) Calculation for PRS	MGC-2	MGC-2
GreenWatts	Rider 17	Rider 17
Adder Associated with Direct Access	Rider 1	CLOSED
Must-Run Generation	Rider 2	CLOSED
Transmission and Ancillary Services	Rider 3	CLOSED
Fixed CTC by Class	Rider 4	CLOSED
Transmission Credit	Rider 5	CLOSED
Environmental Portfolio Surcharge	Rider 6	CLOSED
Pricing Flexibility Rider	Rider 79	CLOSED
Interruptible Service Rider	Rider 84	CLOSED



Pricing Plan R-04 (Frozen Rate) – CLOSED Residential Lifeline/Senior Discount

AVAILABILITY

In all territory served by Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the premises served. This program shall be available to new customers until the start of retail electric competition in the Company's service territory. Thereafter, this program shall be closed to new customers. Lifeline and Senior Lifeline programs shall be addressed under the Company's Rate No. 6 after the start of retail electric competition. Customers who subscribe to Rate No. 4 or 5 prior to the start of retail electric competition shall, at their option, be grandfathered under this program. This program may be terminated upon Arizona Corporation Commission approval.

APPLICABILITY

To electric service qualifying for billing under Residential Rate No. 01, Residential Time-of-Use Rate No. 21, or Residential Time-of-Use Rate No. 70, where the customer also has qualified for Rate No. 4 as specified in the Company's plan for administration. All provisions of Rate No. 01, Rate No. 21, or Rate No. 70 will apply except as modified herein. This discount is also available to tenants of master metered mobile home parks and apartments. The applicant must be 65 years of age, or older, to qualify.

MONTHLY BILL

The monthly bill shall be in accordance with the Rate No. 01, Rate No. 21, or Rate No. 70 schedule except:

For Bills with Usage of:	The Total Bill (before Taxes and Regulatory Assessments) Will Be Discounted by:
0 - 300 kWh	35%
301 - 600 kWh	30%
601 - 1000 kWh	25%
1001 - 1500 kWh	15%
Over 1500 kWh	0%

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-04 - CLOSED
Effective: PENDING
Page No.: 1 of 1



Pricing Plan R-04-01F (FROZEN) Residential Lifeline/Senior Discount

AVAILABILITY

This pricing plan is frozen to existing customers at existing sites or delivery points. New customers, including current customers who move, are not eligible for service under this pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

APPLICABILITY

To all single phase or three phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter; however, electric water heating may be metered separately. This discount is also available to tenants of master metered mobile home parks and apartments. The applicant must be 65 years of age, or older, to qualify.

Not applicable to resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill	\$ 4.90 per month
Customer Charge, Three Phase service and minimum bill	\$12.26 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge	
Summer (May - October)	\$0.090921 per kWh
Winter, (November - April)	\$0.078970 per kWh

Monthly Discount:

For Bills with Usage of:	The Total Bill (before Taxes and Regulatory Assessments) Will Be Discounted by:
0 - 300 kWh	35%
301 - 600 kWh	30%
601 - 1000 kWh	25%
1001 - 1500 kWh	15%
Over 1500 kWh	0%

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-04-01F (FROZEN)
Effective: PENDING
Page No.: 1 of 3



Pricing Plan R-04-01F (FROZEN)
Residential Lifeline/Senior Discount

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$1.59 per month
Customer Delivery	\$1.00 per month
Note: Additional meter services charge of \$7.36 per month for Three Phase Service.	

Energy Charges (kWh):

Delivery Charge	
Summer	\$0.010823 per kWh
Winter	\$0.009039 per kWh
Generation Capacity	
Summer	\$0.032938 per kWh
Winter	\$0.030271 per kWh
Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh
Transmission	\$0.007525 per kWh
Transmission Ancillary Services	
System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	
Fuel and Purchased Power	
Summer	\$0.033198 per kWh
Winter	\$0.025698 per kWh

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-04-01F (FROZEN)
Effective: PENDING
Page No.: 2 of 3



**Pricing Plan R-04-01F (FROZEN)
Residential Lifeline/Senior Discount**

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-04-01F (FROZEN)
Effective: PENDING
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Pricing Plan R-04-21F (FROZEN) Residential Lifeline/Senior Discount

AVAILABILITY

This pricing plan is frozen to existing customers at existing sites or delivery points. New customers, including current customers who move, are not eligible for service under this pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

APPLICABILITY

To all single phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter; however, electric water heating may be metered separately. The discount is also available to tenants of master metered mobile home parks and apartments. The applicant must be 65 years of age, or older, to qualify.

Not applicable to three phase service, resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill \$6.86 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.125413	\$0.099018
Off-Peak	\$0.050165	\$0.050165

Summer On-Peak Period: 10:00 a.m. to 10:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day).

Winter On-Peak Period: 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day).

All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-04-21F (FROZEN)
Effective: PENDING
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Pricing Plan R-04-21F (FROZEN) Residential Lifeline/Senior Discount

Monthly Discount

The following monthly discount applies to the rate incorporated in this pricing plan.

For Bills with Usage of:	The Total Bill (before Taxes and Regulatory Assessments) Will Be Discounted by:
0 - 300 kWh	35%
301 - 600 kWh	30%
601 - 1000 kWh	25%
1001 - 1500 kWh	15%
Over 1500 kWh	0%

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$1.26 per month

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.).

Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	(\$0.035469)	(\$0.021385)
Off-Peak	(\$0.000954)	\$0.001546

Generation Capacity

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.093722	\$0.065743
Off-Peak	\$0.013959	\$0.013959

Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh
Transmission	\$0.007525 per kWh
Transmission Ancillary Services	
System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-04-21F (FROZEN)
Effective: PENDING
Page No.: 2 of 3



Pricing Plan R-04-21F (FROZEN) Residential Lifeline/Senior Discount

Spinning Reserve Service \$0.001055 per kWh
Supplemental Reserve Service \$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.

Fuel and Purchased Power

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.053198	\$0.040698
Off-Peak	\$0.023198	\$0.020698

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-04-21F (FROZEN)
Effective: PENDING
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Pricing Plan R-04-70F (FROZEN) Residential Lifeline/Senior Discount

AVAILABILITY

This pricing plan is frozen to existing customers at existing sites or delivery points. New customers, including current customers who move, are not eligible for service under this pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

APPLICABILITY

To all single phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter; however, electric water heating may be metered separately. This discount is also available to tenants of master metered mobile home parks and apartments. The applicant must be 65 years of age, or older, to qualify.

Not applicable to resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill \$6.78 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge:

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.184171	\$0.126011
Shoulder-Peak	\$0.116318	N/A
Off-Peak	\$0.058160	\$0.043619

The summer On-Peak period is 1:00 p.m. to 6:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The summer Shoulder period is 6:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day).

The winter On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-04-70F (FROZEN)
Effective: PENDING
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Pricing Plan R-04-70F (FROZEN) Residential Lifeline/Senior Discount

Monthly Discount:

For Bills with Usage of:	The Total Bill (before Taxes and Regulatory Assessments) Will Be Discounted by:
0 - 300 kWh	35%
301 - 600 kWh	30%
601 - 1000 kWh	25%
1001 - 1500 kWh	15%
Over 1500 kWh	0%

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$1.18 per month

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.).

Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	(\$0.051182)	\$0.054643
Shoulder-Peak	(\$0.039611)	N/A
Off-Peak	(\$0.011122)	(\$0.005085)

Generation Capacity

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.165693	\$0.016708
Shoulder-Peak	\$0.093769	N/A
Off-Peak	\$0.032122	\$0.014044

Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh
Transmission	\$0.007525 per kWh
Transmission Ancillary Services	
System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-04-70F (FROZEN)
Effective: PENDING
Page No.: 2 of 3



Pricing Plan R-04-70F (FROZEN) Residential Lifeline/Senior Discount

Supplemental Reserve Service \$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.

Fuel and Purchased Power

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.055698	\$0.040698
Shoulder-Peak	\$0.048198	N/A
Off-Peak	\$0.023198	\$0.020698

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

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Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-04-70F (FROZEN)
Effective: PENDING
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Pricing Plan R-05 (Frozen Rate) - CLOSED Residential Lifeline Discount

AVAILABILITY

In all territory served by Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the premises served. This program shall be available to new customers until the start of retail electric competition in the Company's service territory. Thereafter, this program shall be closed to new customers. Lifeline and Senior Lifeline programs shall be addressed under the Company's Rate No. 6 after the start of retail electric competition. Customers who subscribe to Rate No. 4 or 5 prior to the start of retail electric competition shall, at their option, be grandfathered under this program. This program may be terminated upon Arizona Corporation Commission approval.

APPLICABILITY

To electric service qualifying for billing under Residential Rate No. 01, Residential Time-of-Use Rate No. 21, or Residential Time-of-Use Rate No. 70 where the customer also has qualified for Rate No. 5 as specified in the Company's plan for administration. All provisions of Rate No. 01, Rate No. 21, or Rate No. 70 will apply except as modified herein. This discount is also available to tenants of master metered mobile home parks and apartments.

MONTHLY BILL

The monthly bill shall be in accordance with the Rate No. 01, Rate No. 21, or Rate No. 70 schedule except:

For Bills with Usage of:	The Total Bill (before Taxes and Regulatory Assessments) Will Be Discounted by:
0 - 300 kWh	25%
301 - 600 kWh	20%
601 - 1000 kWh	15%
Over 1000 kWh	0%

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-05 - CLOSED
Effective: PENDING
Page No.: 1 of 1



Pricing Plan R-05-01F (FROZEN) Residential Lifeline Discount

AVAILABILITY

This pricing plan is frozen to existing customers at existing sites or delivery points. New customers, including current customers who move, are not eligible for service under this pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

APPLICABILITY

To all single phase or three phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter; however, electric water heating may be metered separately. This discount is also available to tenants of master metered mobile home parks and apartments. The applicant must be 65 years of age, or older, to qualify.

Not applicable to resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill	\$ 4.90 per month
Customer Charge, Three Phase service and minimum bill	\$12.26 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge	
Summer (May – October)	\$0.090921 per kWh
Winter, (November – April)	\$0.078970 per kWh

Monthly Discount:

For Bills with Usage of:	The Total Bill (before Taxes and Regulatory Assessments) Will Be Discounted by:
0 - 300 kWh	25%
301 - 600 kWh	20%
601 - 1000 kWh	15%
Over 1000 kWh	0%

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-05-01F (FROZEN)
Effective: PENDING
Page No.: 1 of 3



Pricing Plan R-05-01F (FROZEN)
Residential Lifeline Discount

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$1.59 per month
Customer Delivery	\$1.00 per month

Note: Additional meter service charge of \$7.36 per month for Three Phase Service.

Energy Charges (kWh):

Delivery Charge	
Summer	\$0.010823 per kWh
Winter	\$0.009039 per kWh

Generation Capacity	
Summer	\$0.032938 per kWh
Winter	\$0.030271 per kWh

Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh

Transmission	\$0.007525 per kWh
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Transmission Ancillary Services	
System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Fuel and Purchased Power	
Summer	\$0.033198 per kWh
Winter	\$0.025698 per kWh

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-05-01F (FROZEN)
Effective: PENDING
Page No.: 2 of 3



Pricing Plan R-05-01F (FROZEN) Residential Lifeline Discount

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

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Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-05-01F (FROZEN)
Effective: PENDING
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Pricing Plan R-05-21F (FROZEN) Residential Lifeline Discount

AVAILABILITY

This pricing plan is frozen to existing customers at existing sites or delivery points. New customers, including current customers who move, are not eligible for service under this pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

APPLICABILITY

To all single phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter; however, electric water heating may be metered separately.

Not applicable to three phase service, resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill

\$6.86 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.125413	\$0.099018
Off-Peak	\$0.050165	\$0.050165

Summer On-Peak Period: 10:00 a.m. to 10:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day).

Winter On-Peak Period: 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day).

All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-05-21F (FROZEN)
Effective: PENDING
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Pricing Plan R-05-21F (FROZEN) Residential Lifeline Discount

Monthly Discount:

The following monthly discount applies to the rate incorporated in this pricing plan. The discount is also available to tenants of master metered mobile home parks and apartments.

For Bills with Usage of:	The Total Bill (before Taxes and Regulatory Assessments) Will Be Discounted by:
0 - 300 kWh	25%
301 - 600 kWh	20%
601 - 1000 kWh	15%
Over 1000 kWh	0%

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$1.26 per month

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.)

Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	(\$0.035469)	(\$0.021385)
Off-Peak	(\$0.000954)	\$0.001546

Generation Capacity

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.093722	\$0.065743
Off-Peak	\$0.013959	\$0.013959

Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh
Transmission	\$0.007525 per kWh

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-05-21F (FROZEN)
Effective: PENDING
Page No.: 2 of 3



Pricing Plan R-05-21F (FROZEN) Residential Lifeline Discount

Transmission Ancillary Services

System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Fuel and Purchased Power

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.053198	\$0.040698
Off-Peak	\$0.023198	\$0.020698

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-05-21F (FROZEN)
Effective: PENDING
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Pricing Plan R-05-70F (FROZEN) Residential Lifeline Discount

AVAILABILITY

This pricing plan is frozen to existing customers at existing sites or delivery points. New customers, including current customers who move, are not eligible for service under this pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

APPLICABILITY

To all single phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter; however, electric water heating may be metered separately. This discount is also available to tenants of master metered mobile home parks and apartments.

Not applicable to resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill \$6.78 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge:

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.184171	\$0.126011
Shoulder-Peak	\$0.116318	N/A
Off-Peak	\$0.058160	\$0.043619

The summer On-Peak period is 1:00 p.m. to 6:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The summer Shoulder period is 6:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day).

The winter On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-05-70F (FROZEN)
Effective: PENDING
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Pricing Plan R-05-70F (FROZEN) Residential Lifeline Discount

Monthly Discount:

For Bills with Usage of: The Total Bill (before Taxes and
Regulatory Assessments) Will Be
Discounted by:

0 - 300 kWh	25%
301 - 600 kWh	20%
601 - 1000 kWh	15%
Over 1000 kWh	0%

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$1.26 per month

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.).

Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	(\$0.051182)	\$0.054643
Shoulder-Peak	(\$0.039611)	N/A
Off-Peak	(\$0.011122)	(\$0.005085)

Generation Capacity

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.165693	\$0.016708
Shoulder-Peak	\$0.093769	N/A
Off-Peak	\$0.032122	\$0.014044

Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh

Transmission	\$0.007525 per kWh
Transmission Ancillary Services	

System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-05-70F (FROZEN)
Effective: PENDING
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Pricing Plan R-05-70F (FROZEN) Residential Lifeline Discount

Fuel and Purchased Power

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.055698	\$0.040698
Shoulder-Peak	\$0.048198	N/A
Off-Peak	\$0.023198	\$0.020698

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-05-70F (FROZEN)
Effective: PENDING
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Pricing Plan R-05-201AF (FROZEN) Residential Lifeline Discount

AVAILABILITY

This pricing plan is frozen to existing customers at existing sites or delivery points. New customers, including current customers who move, are not eligible for service under this pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

APPLICABILITY

To single phase or three phase (subject to availability at point of delivery) electric service in individual residences as described in current program details when all service is supplied at one point of delivery and energy is metered through one meter. Additionally, this pricing plan requires that the customer use exclusively the Company's service for all space heating and all water heating energy requirements except as provided below and that the customer's home conform to the standards of the Heating, Cooling and Comfort Guarantee program as in effect at the time of subscription to this pricing plan. Notwithstanding the above, the customer's use of solar energy for any purpose shall not preclude subscription to this pricing plan.

This discount is also available to tenants of master metered mobile home parks and apartments.

Not applicable to resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase Service and minimum bill,	\$ 4.90 per month
Customer Charge, Three Phase Service and minimum bill,	\$12.26 per month
Delivery Charge	
Mid-summer season of June 1 - August 31	\$0.090920 per kWh
Remaining summer season of May 1 - May 31 & September 1 - October 31	\$0.074191 per kWh
Winter season of November 1 - April 30	\$0.064440 per kWh

Monthly Discount

For Bills with Usage of:	The Total bill (before Taxes and Regulatory Assessments) Will Be Discounted by:
0 - 300 kWh	25%
301 - 600 kWh	20%
601 - 1000 kWh	15%
Over 1000 kWh	0%

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-05-201AF (FROZEN)
Effective: PENDING
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Pricing Plan R-05-201AF (FROZEN)
Residential Lifeline Discount

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$1.59 per month
Customer Delivery	\$1.00 per month
Note: Additional meter service charge of \$7.36 per month for Three Phase Service.	

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.)

Delivery Charge

Mid-summer season	\$0.009107 per kWh
Remaining-summer season	(\$0.007622) per kWh
Winter season	(\$0.002347) per kWh

Generation Capacity

Mid-summer season	\$0.034653 per kWh
Remaining-summer season	\$0.034653 per kWh
Winter season	\$0.027127 per kWh

Fixed Must-Run

\$0.003849 per kWh

System Benefits

\$0.000468 per kWh

Transmission

\$0.007525 per kWh

Transmission Ancillary Services

System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Fuel and Purchased Power

Mid-summer season	\$0.033198 per kWh
Remaining-summer season	\$0.033198 per kWh
Winter season	\$0.025698 per kWh

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-05-201AF (FROZEN)
Effective: PENDING
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Pricing Plan R-05-201AF (FROZEN) Residential Lifeline Discount

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-05-201AF (FROZEN)
Effective: PENDING
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Pricing Plan R-05-201BF (FROZEN) Residential Lifeline Discount

AVAILABILITY

This pricing plan is frozen to existing customers at existing sites or delivery points. New customers, including current customers who move, are not eligible for service under this pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

APPLICABILITY

To single phase (subject to availability at point of delivery) electric service in individual residences as described in current program details when all service is supplied at one point of delivery and energy is metered through one meter. Additionally, this pricing plan requires that the customer use exclusively the Company's service for all space heating and all water heating energy requirements except as provided below and that the customer's home conform to the standards of the Heating, Cooling and Comfort Guarantee program as in effect at the time of subscription to this pricing plan. Notwithstanding the above, the customer's use of solar energy for any purpose shall not preclude subscription to this pricing plan.

Not applicable to resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase Service and minimum bill, \$ 6.78 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.184171	\$0.146415	\$0.100179
Shoulder	\$0.116318	\$0.092473	N/A
Off-Peak	\$0.058160	\$0.046236	\$0.034673

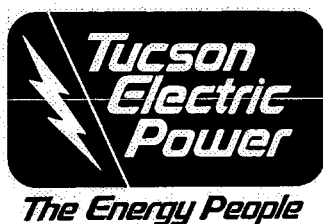
The Company has the option to price service in the billing months of May and October at lower levels, which levels shall not be less than marginal cost. Any shoulder consumption remaining from October usage will be billed at the shoulder summer shoulder price in following billing months.

The summer On-Peak period is 1:00 p.m. to 6:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The summer Shoulder period is 6:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day).

The winter On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-05-201BF (FROZEN)
Effective: PENDING
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Pricing Plan R-05-201BF (FROZEN) Residential Lifeline Discount

Monthly Discount:

For Bills with Usage of:	The Total Bill (before Taxes and Regulatory Assessments) Will Be Discounted by:
0 - 300 kWh	25%
301 - 600 kWh	20%
601 - 1000 kWh	15%
Over 1000 kWh	0%

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charge:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$1.18 per month

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.).

Delivery Charge

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.068658	\$0.030902	\$0.011726
Shoulder	\$0.014335	(\$0.009510)	N/A
Off-Peak	\$0.001276	(\$0.010648)	(\$0.017701)

Generation Capacity

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.045853	\$0.045853	\$0.033793
Shoulder	\$0.039823	\$0.039823	N/A
Off-Peak	\$0.019724	\$0.019724	\$0.017714

Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh
Transmission	\$0.007525 per kWh

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-05-201BF (FROZEN)
Effective: PENDING
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Pricing Plan R-05-201BF (FROZEN) Residential Lifeline Discount

Transmission Ancillary Services

System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Fuel and Purchased Power

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.055698	\$0.055698	\$0.040698
Shoulder	\$0.048198	\$0.048198	N/A
Off-Peak	\$0.023198	\$0.023198	\$0.020698

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-05-201BF (FROZEN)
Effective: PENDING
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Pricing Plan R-06 - CLOSED Residential Lifeline Discount

AVAILABILITY

In all territory served by Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the premises served.

APPLICABILITY

To electric service qualifying for billing under Residential Rate No. 01, Residential Time-of-Use Rate No. 21, or Residential Time-of-Use Rate No. 70 where the customer also has qualified for Rate No. 5 as specified in the Company's plan for administration. All provisions of Rate No. 01, Rate No. 21, or Rate No. 70 will apply except as modified herein. This discount is also available to tenants of master metered mobile home parks and apartments.

MONTHLY BILL

The monthly bill shall be in accordance with the Rate No. 01, Rate No. 21, or Rate No. 70 schedule except that a discount of \$8.00 per month shall be applied. The minimum bill shall be the customer charge under Rate No. 01, Rate No. 21, or Rate No. 70 as applicable.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-06 -CLOSED
Effective: PENDING
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Pricing Plan R-06-01 Residential Lifeline Discount

AVAILABILITY

Throughout the entire area where facilities of the Company are of adequate capacity and are adjacent to the premise.

APPLICABILITY

To electric service qualifying for billing under Residential R-06-01 and where the customer also has qualified for Rate No. 5 as specified in the Company's plan for administration.

To all single phase or three phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter; however, electric water heating may be metered separately. This discount is also available to tenants of master metered mobile home parks and apartments. The applicant must be 65 years of age, or older, to qualify.

Not applicable to resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill	\$ 4.90 per month
Customer Charge, Three Phase service and minimum bill	\$12.26 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge	
Summer (May – October)	\$0.090921 per kWh
Winter, (November – April)	\$0.078970 per kWh

Monthly Discount:

The monthly bill shall be in accordance to the rate above except that a discount of \$8.00 per month shall be applied.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$1.59 per month
Customer Delivery	\$1.00 per month

Note: Additional meter service charge of \$7.36 per month for Three Phase Service.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-06-01
Effective: PENDING
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Pricing Plan R-06-01 Residential Lifeline Discount

Energy Charges (kWh):

Delivery Charge	
Summer	\$0.010823 per kWh
Winter	\$0.009039 per kWh
Generation Capacity	
Summer	\$0.032938 per kWh
Winter	\$0.030271 per kWh
Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh
Transmission	\$0.007525 per kWh
Transmission Ancillary Services	
System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	
Fuel and Purchased Power	
Summer	\$0.033198 per kWh
Winter	\$0.025698 per kWh

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-06-01
Effective: PENDING
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Pricing Plan R-06-01 Residential Lifeline Discount

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-06-01
Effective: PENDING
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Pricing Plan R-06-21F (FROZEN) Residential Lifeline Discount

AVAILABILITY

This pricing plan is frozen to existing customers at existing sites or delivery points. New customers, including current customers who move, are not eligible for service under this pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

APPLICABILITY

To all single phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter; however, electric water heating may be metered separately.

Not applicable to three phase service, resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill \$6.86 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.125413	\$0.099018
Off-Peak	\$0.050165	\$0.050165

Summer On-Peak Period: 10:00 a.m. to 10:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day).

Winter On-Peak Period: 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day).

All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

Monthly Discount:

The monthly bill shall be in accordance to the rate above except that a discount of \$8.00 per month shall be applied. The discount is also available to tenants of master metered mobile home parks and apartments.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-06-21F (FROZEN)
Effective: PENDING
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Pricing Plan R-06-21F (FROZEN) Residential Lifeline Discount

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$1.26 per month

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.)

Delivery Charge

	Summer (May – October)	Winter (November - April)
On-Peak	(\$0.035469)	(\$0.021385)
Off-Peak	(\$0.000954)	\$0.001546

Generation Capacity

	Summer (May – October)	Winter (November - April)
On-Peak	\$0.093722	\$0.065743
Off-Peak	\$0.013959	\$0.013959

Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh

Transmission	\$0.007525 per kWh
Transmission Ancillary Services	

System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Fuel and Purchased Power

	Summer (May – October)	Winter (November - April)
On-Peak	\$0.053198	\$0.040698
Off-Peak	\$0.023198	\$0.020698

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-06-21F (FROZEN)
Effective: PENDING
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Pricing Plan R-06-21F (FROZEN) Residential Lifeline Discount

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-06-21F (FROZEN)
Effective: PENDING
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Pricing Plan R-06-70 Residential Lifeline Discount

AVAILABILITY

Throughout the entire area where facilities of the Company are of adequate capacity and are adjacent to the premise.

APPLICABILITY

To all single phase or three phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter; however, electric water heating may be metered separately. This discount is also available to tenants of master metered mobile home parks and apartments.

Not applicable to resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill \$6.78 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge:

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.184171	\$0.126011
Shoulder-Peak	\$0.116318	N/A
Off-Peak	\$0.058160	\$0.043619

The summer On-Peak period is 1:00 p.m. to 6:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The summer Shoulder period is 6:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The winter On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

Monthly Discount:

The monthly bill shall be in accordance to the rate above except that a discount of \$8.00 per month shall be applied. The minimum bill shall be the customer charge under this pricing plan of \$4.90.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-06-70
Effective: PENDING
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Pricing Plan R-06-70 Residential Lifeline Discount

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$1.26 per month

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.)

Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	(\$0.051182)	\$0.054643
Shoulder-Peak	(\$0.039611)	N/A
Off-Peak	(\$0.011122)	(\$0.005085)

Generation Capacity

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.165693	\$0.016708
Shoulder-Peak	\$0.093769	N/A
Off-Peak	\$0.032122	\$0.014044

Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh

Transmission	\$0.007525 per kWh
Transmission Ancillary Services	

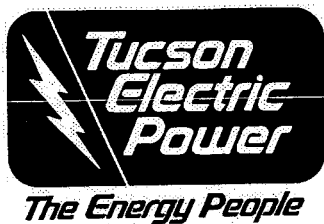
System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Fuel and Purchased Power

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.055698	\$0.040698
Shoulder-Peak	\$0.048198	N/A
Off-Peak	\$0.023198	\$0.020698

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-06-70
Effective: PENDING
Page No.: 2 of 3



Pricing Plan R-06-70 Residential Lifeline Discount

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-06-70
Effective: PENDING
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Pricing Plan R-06-201A Residential Lifeline Discount

AVAILABILITY

Throughout the entire area where facilities of the Company are of adequate capacity and are adjacent to the premise.

APPLICABILITY

To single phase or three phase (subject to availability at point of delivery) electric service in individual residences as described in current program details when all service is supplied at one point of delivery and energy is metered through one meter. Additionally, this pricing plan requires that the customer use exclusively the Company's service for all space heating and all water heating energy requirements except as provided below and that the customer's home conform to the standards of the Heating, Cooling and Comfort Guarantee program as in effect at the time of subscription to this pricing plan. The customer's use of solar energy for any purpose shall not preclude subscription to this pricing plan.

This discount is also available to tenants of master metered mobile home parks and apartments.

Not applicable to resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase Service and minimum bill,	\$ 4.90 per month
Customer Charge, Three Phase Service and minimum bill,	\$12.26 per month
Delivery Charge	
Mid-summer season of June 1 - August 31	\$0.090920 per kWh
Remaining summer season of May 1 - May 31 & September 1 - October 31	\$0.074191 per kWh
Winter season of November 1 - April 30	\$0.064440 per kWh

Monthly Discount

The monthly bill shall be in accordance to the rate above except that a discount of \$8.00 per month shall be applied.
The minimum bill shall be the customer charge under this pricing plan of \$4.90.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$1.59 per month
Customer Delivery	\$1.00 per month

Note: Additional meter service charge of \$7.36 per month for Three Phase Service.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-06-201A
Effective: PENDING
Page No.: 1 of 3



Pricing Plan R-06-201A Residential Lifeline Discount

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.)

Delivery Charge	
Mid-summer season	\$0.009107 per kWh
Remaining-summer season	(\$0.007622) per kWh
Winter season	(\$0.002347) per kWh
Generation Capacity	
Mid-summer season	\$0.034653 per kWh
Remaining-summer season	\$0.034653 per kWh
Winter season	\$0.027127 per kWh
Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh
Transmission	\$0.007525 per kWh
Transmission Ancillary Services	
System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	
Fuel and Purchased Power	
Mid-summer season	\$0.033198 per kWh
Remaining-summer season	\$0.033198 per kWh
Winter season	\$0.025698 per kWh

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-06-201A
Effective: PENDING
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Pricing Plan R-06-201A Residential Lifeline Discount

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-06-201A
Effective: PENDING
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Pricing Plan R-06-201B Residential Lifeline Discount

AVAILABILITY

Throughout the entire area where facilities of the Company are of adequate capacity and are adjacent to the premise.

APPLICABILITY

details when all service is supplied at one point of delivery and energy is metered through one meter. Additionally, this pricing plan requires that the customer use exclusively the Company's service for all space heating and all water heating energy requirements except as provided below and that the customer's home conform to the standards of the Heating, Cooling and Comfort Guarantee program as in effect at the time of subscription to this pricing plan. Notwithstanding the above, the customer's use of solar energy for any purpose shall not preclude subscription to this pricing plan.

Not applicable to resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase Service and minimum bill, \$ 6.78 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.184171	\$0.146415	\$0.100179
Shoulder	\$0.116318	\$0.092473	N/A
Off-Peak	\$0.058160	\$0.046236	\$0.034673

The Company has the option to price service in the billing months of May and October at lower levels, which levels shall not be less than marginal cost. Any shoulder consumption remaining from October usage will be billed at the shoulder summer shoulder price in following billing months.

The summer On-Peak period is 1:00 p.m. to 6:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The summer Shoulder period is 6:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The winter On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

Monthly Discount:

The monthly bill shall be in accordance to the rate above except that a discount of \$8.00 per month shall be applied.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-06-201B
Effective: PENDING
Page No.: 1 of 3



Pricing Plan R-06-201B Residential Lifeline Discount

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$1.18 per month

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.)

Delivery Charge

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.068658	\$0.030902	\$0.011726
Shoulder	\$0.014335	(\$0.009510)	N/A
Off-Peak	\$0.001276	(\$0.010648)	(\$0.017701)

Generation Capacity

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.045853	\$0.045853	\$0.033793
Shoulder	\$0.039823	\$0.039823	N/A
Off-Peak	\$0.019724	\$0.019724	\$0.017714

Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh

Transmission	\$0.007525 per kWh
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Transmission Ancillary Services

System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-06-201B
Effective: PENDING
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Pricing Plan R-06-201B Residential Lifeline Discount

Fuel and Purchased Power

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.055698	\$0.055698	\$0.040698
Shoulder	\$0.048198	\$0.048198	N/A
Off-Peak	\$0.023198	\$0.023198	\$0.020698

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-06-201B
Effective: PENDING
Page No.: 3 of 3



Pricing Plan R-06-201C Residential Lifeline Discount

AVAILABILITY

Throughout the entire area where facilities of the Company are of adequate capacity and are adjacent to the premise.

APPLICABILITY

To single phase (subject to availability at point of delivery) electric service in individual residences as described in current program details when all service is supplied at one point of delivery and energy is metered through one meter. Additionally, this pricing plan requires that the customer use exclusively the Company's service for all space heating and either (1) solar water heating equipment or (2) an electric heat pump water heater or (3) a photovoltaic system except as provided below and that the customer's home conform to the standards of the Heating, Cooling and Comfort Guarantee program as in effect at the time of subscription to this pricing plan. Not applicable to resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase Service and minimum bill, \$ 6.78 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.184171	\$0.137207	\$0.093879
Shoulder	\$0.116318	\$0.086658	N/A
Off-Peak	\$0.058160	\$0.043328	\$0.032491

The Company has the option to price service in the billing months of May and October at lower levels, which levels shall not be less than marginal cost. Any shoulder consumption remaining from October usage will be billed at the shoulder summer shoulder price in following billing months.

The summer On-Peak period is 1:00 p.m. to 6:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The summer Shoulder period is 6:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The winter On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

Monthly Discount:

The monthly bill shall be in accordance to the rate above except that a discount of \$8.00 per month shall be applied.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-06-201C
Effective: PENDING
Page No.: 1 of 3



Pricing Plan R-06-201C Residential Lifeline Discount

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charge:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$1.18 per month

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.)

Delivery Charge

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.079051	\$0.0320870	\$0.013086
Shoulder	\$0.023362	(\$0.006298)	N/A
Off-Peak	\$0.005747	(\$0.009085)	(\$0.015868)

Generation Capacity

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.035460	\$0.035460	\$0.026133
Shoulder	\$0.015253	\$0.015253	N/A
Off-Peak	\$0.030796	\$0.030796	\$0.013699

Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh

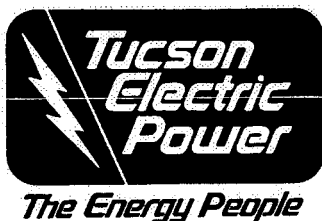
Transmission	\$0.007525 per kWh
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Transmission Ancillary Services

System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-06-201C
Effective: PENDING
Page No.: 2 of 3



Pricing Plan R-06-201C Residential Lifeline Discount

Fuel and Purchased Power

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.055698	\$0.055698	\$0.040698
Shoulder	\$0.048198	\$0.048198	N/A
Off-Peak	\$0.023198	\$0.023198	\$0.020698

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-06-201C
Effective: PENDING
Page No.: 3 of 3



Pricing Plan R-08 - CLOSED Residential Lifeline/Medical Life-Support Discount

AVAILABILITY

In all territory served by Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the premises served.

APPLICABILITY

To electric service qualifying for billing under Residential Rate No. 01 where the customer also has qualified for Rate No. 8 as specified in the Company's plan for administration. All provisions of Rate No. 01 will apply except as modified herein. This discount is also available to tenants of master metered mobile home parks and apartments. To qualify for this rate, the customer must:

- (a) qualify for either Residential Lifeline/Senior Discount Rate No. 4 or Residential Lifeline Discount Rate No. 5, and
- (b) provide documentation to the Company that the regular use of a medical life-support device is essential to maintain the life of a full-time resident of the household or that a full-time resident of the household is a paraplegic, quadriplegic, hemiplegic, multiple sclerosis, or scleroderma patient. The life-support device may include an air conditioner or space heater. The utility may require certification by a doctor of medicine or osteopathy, licensed to practice medicine in any state, district, or political subdivision of the United States, that a particular device is necessary to sustain the resident's life.

The Company shall determine, in its sole judgment, whether a customer is qualified to receive service under this rate.

The Company does not guarantee an uninterrupted or sufficient supply of energy to any medical life-support device or to any other end-use of the customer.

MONTHLY BILL

The monthly bill shall be in accordance with the Rate No. 1 schedule except:

For Bills with Usage of:	The Total Bill (before Taxes and Regulatory Assessments) Will Be Discounted by:
0 – 1000 kWh	35%
1001 – 2000 kWh	30%
Over 2000 kWh	10%

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-08 - CLOSED
Effective: PENDING
Page No.: 1 of 1



Pricing Plan R-08-01 Residential Lifeline/Medical Life-Support Discount

AVAILABILITY

Throughout the entire area where facilities of the Company are of adequate capacity and are adjacent to the premise.

APPLICABILITY

To all single phase or three phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter; however, electric water heating may be metered separately. The customer must also qualify for Rate No. 8 as specified in the Company's plan for administration. All provisions of the rate below will apply except as modified herein. This discount is also available to tenants of master metered mobile home parks and apartments. To qualify for this rate, the customer must:

- (a) qualify for either Residential Lifeline/Senior Discount Rate No. 4 or Residential Lifeline Discount Rate No. 5, and
- (b) provide documentation to the Company that the regular use of a medical life-support device is essential to maintain the life of a full-time resident of the household or that a full-time resident of the household is a paraplegic, quadriplegic, hemiplegic, multiple sclerosis, or scleroderma patient. The life-support device may include an air conditioner or space heater. The utility may require certification by a doctor of medicine or osteopathy, licensed to practice medicine in any state, district, or political subdivision of the United States, that a particular device is necessary to sustain the resident's life.

The Company shall determine, in its sole judgment, whether a customer is qualified to receive service under this rate.

The Company does not guarantee an uninterrupted or sufficient supply of energy to any medical life-support device or to any other end-use of the customer.

This discount is also available to tenants of master metered mobile home parks and apartments. The applicant must be 65 years of age, or older, to qualify.

Not applicable to resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill	\$ 4.90 per month
Customer Charge, Three Phase service and minimum bill	\$12.26 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge	
Summer (May – October)	\$0.090921 per kWh
Winter, (November – April)	\$0.078970 per kWh

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-08-01
Effective: PENDING
Page No.: 1 of 3



Pricing Plan R-08-01
Residential Lifeline/Medical Life-Support Discount

Monthly Discount:

For Bills with Usage of:	The Total Bill (before Taxes and Regulatory Assessments) Will Be Discounted by:
0 – 1000 kWh	35%
1001 – 2000 kWh	30%
Over 2000 kWh	10%

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$1.59 per month
Customer Delivery	\$1.00 per month

Note: Additional meter service charge of \$7.36 per month for Three Phase Service.

Energy Charges (kWh):

Delivery Charge	
Summer	\$0.010823 per kWh
Winter	\$0.009039 per kWh
Generation Capacity	
Summer	\$0.032938 per kWh
Winter	\$0.030271 per kWh
Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh
Transmission	\$0.007525 per kWh
Transmission Ancillary Services	
System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	
Fuel and Purchased Power	
Summer	\$0.033198 per kWh
Winter	\$0.025698 per kWh

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-08-01
Effective: PENDING
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Pricing Plan R-08-01
Residential Lifeline/Medical Life-Support Discount

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-08-01
Effective: PENDING
Page No.: 3 of 3



Pricing Plan R-08-21F (FROZEN)
Residential Lifeline/Medical Life-Support Discount

AVAILABILITY

This pricing plan is frozen to existing customers at existing sites or delivery points. New customers, including current customers who move, are not eligible for service under this pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

APPLICABILITY

To all single phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter; however, electric water heating may be metered separately. The customer must also qualify for Rate No. 8 as specified in the Company's plan for administration. All provisions of the rate below will apply except as modified herein. To qualify for this rate, the customer must:

- (a) qualify for either Residential Lifeline/Senior Discount Rate No. 4 or Residential Lifeline Discount Rate No. 5, and
- (b) provide documentation to the Company that the regular use of a medical life-support device is essential to maintain the life of a full-time resident of the household or that a full-time resident of the household is a paraplegic, quadriplegic, hemiplegic, multiple sclerosis, or scleroderma patient. The life-support device may include an air conditioner or space heater. The utility may require certification by a doctor of medicine or osteopathy, licensed to practice medicine in any state, district, or political subdivision of the United States, that a particular device is necessary to sustain the resident's life.

The Company shall determine, in its sole judgment, whether a customer is qualified to receive service under this pricing plan.

The Company does not guarantee an uninterrupted or sufficient supply of energy to any medical life-support device or to any other end-use of the customer.

Not applicable to three phase service, resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill \$6.86 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.125413	\$0.099018
Off-Peak	\$0.050165	\$0.050165

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-08-21F (FROZEN)
Effective: PENDING
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Pricing Plan R-08-21F (FROZEN) Residential Lifeline/Medical Life-Support Discount

Summer On-Peak Period: 10:00 a.m. to 10:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day).

Winter On-Peak Period: 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day).

All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

Monthly Discount

The following monthly discount applies to the rate incorporated in this pricing plan. The discount is also available to tenants of master metered mobile home parks and apartments.

For Bills with Usage of:	The Total Bill (before Taxes and Regulatory Assessments) Will Be Discounted by:
0 – 1000 kWh	35%
1001 – 2000 kWh	30%
Over 2000 kWh	10%

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$1.26 per month

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.)

Delivery Charge

	Summer (May – October)	Winter (November – April)
On-Peak	(\$0.035469)	(\$0.021385)
Off-Peak	(\$0.000954)	\$0.001546

Generation Capacity

	Summer (May – October)	Winter (November – April)
On-Peak	\$0.093722	\$0.065743
Off-Peak	\$0.013959	\$0.013959

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-08-21F (FROZEN)
Effective: PENDING
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Pricing Plan R-08-21F (FROZEN) Residential Lifeline/Medical Life-Support Discount

Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh
Transmission	\$0.007525 per kWh
Transmission Ancillary Services	
System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Fuel and Purchased Power

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.053198	\$0.040698
Off-Peak	\$0.023198	\$0.020698

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-08-21F (FROZEN)
Effective: PENDING
Page No.: 3 of 3



Pricing Plan R-08-70 Residential Lifeline/Medical Life-Support Discount

AVAILABILITY

Throughout the entire area where facilities of the Company are of adequate capacity and are adjacent to the premise.

APPLICABILITY

To all single phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter; however, electric water heating may be metered separately. The customer must also qualify for Rate No. 8 as specified in the Company's plan for administration. All provisions of the rate below will apply except as modified herein. This discount is also available to tenants of master metered mobile home parks and apartments. To qualify for this rate, the customer must:

- (a) qualify for either Residential Lifeline/Senior Discount Rate No. 4 or Residential Lifeline Discount Rate No. 5, and
- (b) provide documentation to the Company that the regular use of a medical life-support device is essential to maintain the life of a full-time resident of the household or that a full-time resident of the household is a paraplegic, quadriplegic, hemiplegic, multiple sclerosis, or scleroderma patient. The life-support device may include an air conditioner or space heater. The utility may require certification by a doctor of medicine or osteopathy, licensed to practice medicine in any state, district, or political subdivision of the United States, that a particular device is necessary to sustain the resident's life.

The Company shall determine, in its sole judgment, whether a customer is qualified to receive service under this rate.

The Company does not guarantee an uninterrupted or sufficient supply of energy to any medical life-support device or to any other end-use of the customer.

This discount is also available to tenants of master metered mobile home parks and apartments. The applicant must be 65 years of age, or older, to qualify.

Not applicable to resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill \$6.78 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge:

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.184171	\$0.126011
Shoulder-Peak	\$0.116318	N/A
Off-Peak	\$0.058160	\$0.043619

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-08-70
Effective: PENDING
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Pricing Plan R-08-70 Residential Lifeline/Medical Life-Support Discount

The summer On-Peak period is 1:00 p.m. to 6:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The summer Shoulder period is 6:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The winter On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

Monthly Discount:

For Bills with Usage of:	The Total Bill (before Taxes and Regulatory Assessments) Will Be Discounted by:
0 – 1000 kWh	35%
1001 – 2000 kWh	30%
Over 2000 kWh	10%

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$1.26 per month

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.)

Delivery Charge

	Summer (May – October)	Winter (November – April)
On-Peak	(\$0.051182)	\$0.054643
Shoulder-Peak	(\$0.039611)	N/A
Off-Peak	(\$0.011122)	(\$0.005085)

Generation Capacity

	Summer (May – October)	Winter (November – April)
On-Peak	\$0.165693	\$0.016708
Shoulder-Peak	\$0.093769	N/A
Off-Peak	\$0.032122	\$0.014044

Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-08-70
Effective: PENDING
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Pricing Plan R-08-70 Residential Lifeline/Medical Life-Support Discount

Transmission	\$0.007525 per kWh
Transmission Ancillary Services	
System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Fuel and Purchased Power

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.055698	\$0.040698
Shoulder-Peak	\$0.048198	N/A
Off-Peak	\$0.023198	\$0.020698

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-08-70
Effective: PENDING
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Pricing Plan R-08-201A Residential Lifeline/Medical Life-Support Discount

AVAILABILITY

Throughout the entire area where facilities of the Company are of adequate capacity and are adjacent to the premise.

APPLICABILITY

To single phase or three phase (subject to availability at point of delivery) electric service in individual residences as described in current program details when all service is supplied at one point of delivery and energy is metered through one meter. Additionally, this pricing plan requires that the customer use exclusively the Company's service for all space heating and all water heating energy requirements except as provided below and that the customer's home conform to the standards of the Heating, Cooling and Comfort Guarantee program as in effect at the time of subscription to this pricing plan. The customer's use of solar energy for any purpose shall not preclude subscription to this pricing plan.

The customer must also qualify for Rate No. 8 as specified in the Company's plan for administration. All provisions of the rate below will apply except as modified herein. This discount is also available to tenants of master metered mobile home parks and apartments. To qualify for this rate, the customer must:

- (a) qualify for either Residential Lifeline/Senior Discount Rate No. 4 or Residential Lifeline Discount Rate No. 5, and
- (b) provide documentation to the Company that the regular use of a medical life-support device is essential to maintain the life of a full-time resident of the household or that a full-time resident of the household is a paraplegic, quadriplegic, hemiplegic, multiple sclerosis, or scleroderma patient. The life-support device may include an air conditioner or space heater. The utility may require certification by a doctor of medicine or osteopathy, licensed to practice medicine in any state, district, or political subdivision of the United States, that a particular device is necessary to sustain the resident's life.

The Company shall determine, in its sole judgment, whether a customer is qualified to receive service under this rate.

The Company does not guarantee an uninterrupted or sufficient supply of energy to any medical life-support device or to any other end-use of the customer.

This discount is also available to tenants of master metered mobile home parks and apartments.

Not applicable to resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase Service and minimum bill,	\$ 4.90 per month
Customer Charge, Three Phase Service and minimum bill,	\$12.26 per month

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-08-201A
Effective: PENDING
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Pricing Plan R-08-201A
Residential Lifeline/Medical Life-Support Discount

Delivery Charge

Mid-summer season of June 1 - August 31	\$0.090920 per kWh
Remaining summer season of May 1 - May 31 & September 1 - October 31	\$0.074191 per kWh
Winter season of November 1 - April 30	\$0.064440 per kWh

Monthly Discount:

For Bills with Usage of:	The Total Bill (before Taxes and Regulatory Assessments) Will Be Discounted by:
0 - 1000 kWh	35%
1001 - 2000 kWh	30%
Over 2000 kWh	10%

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$1.59 per month
Customer Delivery	\$1.00 per month

Note: Additional meter service charge of \$7.36 per month for Three Phase Service.

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.)

Delivery Charge

Mid-summer season	\$0.009107 per kWh
Remaining-summer season	(\$0.007622) per kWh
Winter season	(\$0.002347) per kWh

Generation Capacity

Mid-summer season	\$0.034653 per kWh
Remaining-summer season	\$0.034653 per kWh
Winter season	\$0.027127 per kWh

Fixed Must-Run

System Benefits	\$0.003849 per kWh
	\$0.000468 per kWh

Transmission

\$0.007525 per kWh

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-08-201A
Effective: PENDING
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Pricing Plan R-08-201A Residential Lifeline/Medical Life-Support Discount

Transmission Ancillary Services

System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Fuel and Purchased Power

Mid-summer season	\$0.033198 per kWh
Remaining-summer season	\$0.033198 per kWh
Winter season	\$0.025698 per kWh

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-08-201A
Effective: PENDING
Page No.: 3 of 3



Pricing Plan R-08-201B Residential Lifeline/Medical Life-Support Discount

AVAILABILITY

Throughout the entire area where facilities of the Company are of adequate capacity and are adjacent to the premise.

APPLICABILITY

To single phase (subject to availability at point of delivery) electric service in individual residences as described in current program details when all service is supplied at one point of delivery and energy is metered through one meter. Additionally, this pricing plan requires that the customer use exclusively the Company's service for all space heating and all water heating energy requirements except as provided below and that the customer's home conform to the standards of the Heating, Cooling and Comfort Guarantee program as in effect at the time of subscription to this pricing plan. Notwithstanding the above, the customer's use of solar energy for any purpose shall not preclude subscription to this pricing plan.

Not applicable to resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase Service and minimum bill, \$ 6.78 per month

Energy Charges: All energy charges below are charged on a per kWh basis

Delivery Charge

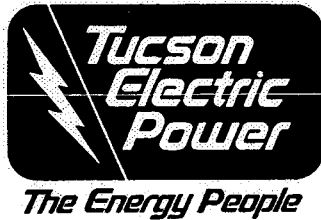
	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.184171	\$0.146415	\$0.100179
Shoulder	\$0.116318	\$0.092473	N/A
Off-Peak	\$0.058160	\$0.046236	\$0.034673

Monthly Discount:

For Bills with Usage of:	The Total Bill (before Taxes and Regulatory Assessments) Will Be Discounted by:
0 - 1000 kWh	35%
1001 - 2000 kWh	30%
Over 2000 kWh	10%

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-08-201B
Effective: PENDING
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Pricing Plan R-08-201B Residential Lifeline/Medical Life-Support Discount

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$1.59 per month
Customer Delivery	\$1.00 per month

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.)

Delivery Charge

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.068658	\$0.030902	\$0.011726
Shoulder	\$0.014335	(\$0.009510)	N/A
Off-Peak	\$0.001276	(\$0.010648)	(\$0.017701)

Generation Capacity

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.045853	\$0.045853	\$0.033793
Shoulder	\$0.039823	\$0.039823	N/A
Off-Peak	\$0.019724	\$0.019724	\$0.017714

Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh

Transmission	\$0.007525 per kWh
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Transmission Ancillary Services

System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Filed By: Raymond S. Heyman
 Title: Senior Vice President, General Counsel
 District: Entire Electric Service Area

Tariff No.: R-08-201B
 Effective: PENDING
 Page No.: 2 of 3



Pricing Plan R-08-201B
Residential Lifeline/Medical Life-Support Discount

Fuel and Purchased Power

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.055698	\$0.055698	\$0.040698
Shoulder	\$0.048198	\$0.048198	N/A
Off-Peak	\$0.023198	\$0.023198	\$0.020698

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-08-201B
Effective: PENDING
Page No.: 3 of 3



Pricing Plan R-08-201C Residential Lifeline/Medical Life-Support Discount

AVAILABILITY

Throughout the entire area where facilities of the Company are of adequate capacity and are adjacent to the premise.

APPLICABILITY

To single phase (subject to availability at point of delivery) electric service in individual residences as described in current program details when all service is supplied at one point of delivery and energy is metered through one meter. Additionally, this pricing plan requires that the customer use exclusively the Company's service for all space heating and either (1) solar water heating equipment or (2) an electric heat pump water heater or (3) a photovoltaic system except as provided below and that the customer's home conform to the standards of the Heating, Cooling and Comfort Guarantee program as in effect at the time of subscription to this pricing plan. Not applicable to resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase Service and minimum bill, \$ 6.78 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.184171	\$0.137207	\$0.093879
Shoulder	\$0.116318	\$0.086658	N/A
Off-Peak	\$0.058160	\$0.043328	\$0.032491

Monthly Discount:

For Bills with Usage of:	The Total Bill (before Taxes and Regulatory Assessments) Will Be Discounted by:
0 - 1000 kWh	35%
1001 - 2000 kWh	30%
Over 2000 kWh	10%

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-08-201C
Effective: PENDING
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Pricing Plan R-08-201C Residential Lifeline/Medical Life-Support Discount

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$1.18 per month

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.)

Delivery Charge

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.079051	\$0.0320870	\$0.013086
Shoulder	\$0.023362	(\$0.006298)	N/A
Off-Peak	\$0.005747	(\$0.009085)	(\$0.015868)

Generation Capacity

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.035460	\$0.035460	\$0.026133
Shoulder	\$0.015253	\$0.015253	N/A
Off-Peak	\$0.030796	\$0.030796	\$0.013699

Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh

Transmission	\$0.007525 per kWh
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Transmission Ancillary Services

System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Fuel and Purchased Power

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.055698	\$0.055698	\$0.040698
Shoulder	\$0.048198	\$0.048198	N/A
Off-Peak	\$0.023198	\$0.023198	\$0.020698

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-08-201C
Effective: PENDING
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Pricing Plan R-08-201C Residential Lifeline/Medical Life-Support Discount

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-08-201C
Effective: PENDING
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Pricing Plan R-01 Residential Electric Service

AVAILABILITY

Throughout the entire area where facilities of the Company are of adequate capacity and are adjacent to the premise.

APPLICABILITY

To all single phase or three phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter; however, electric water heating may be metered separately.

Not applicable to resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill	\$ 7.00 per month
Customer Charge, Three Phase service and minimum bill	\$13.00 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

	Summer (May - October)	Winter (November - April)
First 500 kWh	\$0.046925	\$0.047309
Next 3,000 kWh	\$0.068960	\$0.067309
3,501 kWh and above	\$0.088960	\$0.087309

Fuel and Purchased Power

Summer, all kWhs	\$0.033198 per kWh
Winter, all kWhs	\$0.025698 per kWh

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-01
Effective: PENDING
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Pricing Plan R-01 Residential Electric Service

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$1.40 per month

Note: Additional meter service charge of \$6.00 per month for Three Phase Service.

Energy Charges (kWh):

Delivery Charge

	Summer (May – October)	Winter (November - April)
First 500 kWh	\$0.000025	\$0.003076
Next 3,000 kWh	\$0.022060	\$0.023076
3,501 kWh and above	\$0.042060	\$0.043076

Generation Capacity

Summer	\$0.032938 per kWh
Winter	\$0.030271 per kWh

Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh

Transmission	\$0.007525 per kWh
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Transmission Ancillary Services

System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Fuel and Purchased Power:

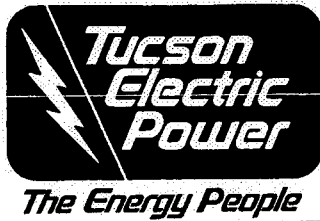
Summer	\$0.033198 per kWh
Winter	\$0.025698 per kWh

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-01
Effective: PENDING
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Pricing Plan R-01 Residential Electric Service

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-01
Effective: PENDING
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Pricing Plan R-02F (FROZEN) Residential Electric Water Heating Service

AVAILABILITY

This pricing plan is frozen to existing customers at existing sites or delivery points. New customers, including current customers who move, are not eligible for service under this pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

APPLICABILITY

To separately metered single phase residential off-peak water heating service where general residential service is also provided under pricing plan R-01. When service under Pricing Plan R-02 Frozen is discontinued, the Company will either combine usage and bill under pricing plan R-01 or modify the service entrance equipment so all service is supplied through the pricing plan R-01 meter.

Not applicable to three phase service, resale, breakdown, standby, auxiliary, or any other service except off-peak water heating in accordance with the provisions of this pricing plan.

Where service other than water heating to which this rate is applicable has been taken hereunder, the regular rate for such service shall be applied on a monthly basis to all consumption billed hereunder during the previous twelve months, less the aggregate of payments made hereunder for the same period of time. The regular rate shall continue to apply until the unauthorized service is permanently separated from the off-peak water heating service.

CHARACTER OF SERVICE

Single phase, 60 Hertz, nominal 120/240 volts.

Service may be controlled by the Company by disconnecting electricity during certain periods of the day not exceeding 8 hours in any 24-hour period, as determined by the Company from time to time.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill	\$5.10 per month
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Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge, all kWhs	\$0.017298 per kWh
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Fuel and Purchased Power	\$0.029448 per kWh
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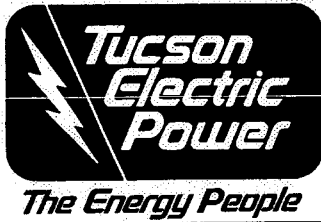
Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

<u>Customer Charge</u>	\$5.10 per month
------------------------	------------------

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-02F (FROZEN)
Effective: PENDING
Page No.: 1 of 3



Pricing Plan R-02F (FROZEN) Residential Electric Water Heating Service

Energy Charges (kWh):

Delivery Charge	\$0.000000 per kWh
Generation Capacity	\$0.003336 per kWh
Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh
Transmission	\$0.007525 per kWh
Transmission Ancillary Services	
System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	
Fuel and Purchased Power	\$0.029448 per kWh

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-02F (FROZEN)
Effective: PENDING
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Pricing Plan R-02F (FROZEN) Residential Electric Water Heating Service

The electric water heating equipment and installation shall conform to the Company's requirements and be for normal domestic use. The heater shall be of the storage type and not less than 30-gallon capacity. For a water heater equipped with one heating element, the rating of the heating element shall not exceed 6,000 watts. For a water heater equipped with more than one heating element, the rating of any such heating element shall not exceed 6,000 watts, and, if the total of the ratings of the elements exceeds 6,000 watts, they shall be thermostatically interlocked so that they cannot operate simultaneously and thereby exceed 6,000 watts. The Customer shall provide the necessary wiring to permit the installation of the Company's metering and control equipment.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-02F (FROZEN)
Effective: PENDING
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Pricing Plan R-21F (FROZEN) Residential Time-of-Use

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

This pricing plan is frozen to existing customers at existing sites or delivery points. New customers, including current customers who move, are not eligible for service under this pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

Service must be single phase residential electric service in individual private dwellings and individually metered multi-family units when all service is supplied at one point of delivery and energy is metered through one meter; however, controlled off-peak electric water heating may be metered separately.

Not applicable to three phase service, resale, breakdown, temporary, standby, or auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

The total number of Customers served under this Time-of-Use pricing plan is limited to 5,000.

The waiting list for service under this Time-of-Use pricing plan was frozen as of March 31, 1996.

CHARACTER OF SERVICE

Single phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill

\$ 7.00 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.101271	\$0.073292
Off-Peak	\$0.021508	\$0.021508

Fuel and Purchased Power

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.053198	\$0.040698
Off-Peak	\$0.023198	\$0.020698

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-21F (FROZEN)
Effective: PENDING
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Pricing Plan R-21F (FROZEN) Residential Time-of-Use

During the summer season, the On-Peak period is 10:00 a.m. to 10:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). During the winter season, the On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charge:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$1.40 per month

Energy Charges (kWh):

((NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.))

Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	(\$0.006413)	(\$0.006413)
Off-Peak	(\$0.006413)	(\$0.006413)

Generation Capacity

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.093722	\$0.065743
Off-Peak	\$0.013959	\$0.013959

Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh

Transmission	\$0.007525 per kWh
Transmission Ancillary Services	

System Control & Dispatch \$0.000102 per kWh

Reactive Supply and Voltage Control \$0.000402 per kWh

Regulation and Frequency Response \$0.000389 per kWh

Spinning Reserve Service \$0.001055 per kWh

Supplemental Reserve Service \$0.000172 per kWh

Energy Imbalance Service: currently charged pursuant to the Company's OATT.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-21F (FROZEN)
Effective: PENDING
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Pricing Plan R-21F (FROZEN) Residential Time-of-Use

Fuel and Purchased Power

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.053198	\$0.040698
Off-Peak	\$0.023198	\$0.020698

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-21F (FROZEN)
Effective: PENDING
Page No.: 3 of 3



Pricing Plan R-70F (FROZEN) Residential Time-of-Use

AVAILABILITY

This pricing plan is frozen to new subscription. Existing customers on R-70F who move can remain on R-70F or choose from any available non-frozen pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

APPLICABILITY

Service is available to individual private dwellings and individually metered multi-family units when all service is supplied at one point of delivery and energy is metered through one meter; however, controlled off-peak electric water heating may be metered separately.

Not applicable to three phase service, resale, breakdown, temporary, standby, or auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

A Customer, at his/her discretion and after being served for a twelve (12) month period under Rate R-70 Frozen, may opt to switch service to the Company's non-time-of-use Residential Rate R-01N. The Company shall refund to the Customer any excess moneys paid in total over the entire twelve months under Rate R-70 Frozen that would not have been paid under Rate R-01N. A Customer shall be eligible to receive such a refund of excess moneys on a single occasion only.

CHARACTER OF SERVICE

Single phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill \$7.00 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.174747	\$0.025762
Shoulder-Peak	\$0.102823	N/A
Off-Peak	\$0.041176	\$0.023098

Fuel and Purchased Power

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.055698	\$0.040698
Shoulder-Peak	\$0.048198	N/A
Off-Peak	\$0.023198	\$0.020698

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-70F (FROZEN)
Effective: PENDING
Page No.: 1 of 4



Pricing Plan R-70F (FROZEN) Residential Time-of-Use

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

The Company has the option to price service in the billing months of May and October at lower levels, which levels shall not be less than marginal cost. Any shoulder consumption remaining from October usage will be billed at the summer shoulder rate in following billing months.

The summer On-Peak period is 1:00 p.m. to 6:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The summer Shoulder period is 6:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day).

The winter On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charge:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$1.40 per month
Note: Additional meter service charge of \$6.00 per month for Three Phase Service.	

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.).

Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	(\$0.004908)	(\$0.004908)
Shoulder-Peak	(\$0.004908)	N/A
Off-Peak	(\$0.004908)	(\$0.004908)

Generation Capacity

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.165693	\$0.016708
Shoulder-Peak	\$0.093769	N/A
Off-Peak	\$0.032122	\$0.014044

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-70F (FROZEN)
Effective: PENDING
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Pricing Plan R-70F (FROZEN) Residential Time-of-Use

Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh
Transmission	\$0.007525 per kWh
Transmission Ancillary Services	
System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service:	currently charged pursuant to the Company's OATT.

Fuel and Purchased Power

	Summer (May – October)	Winter (November – April)
On-Peak	\$0.055698	\$0.040698
Shoulder-Peak	\$0.048198	N/A
Off-Peak	\$0.023198	\$0.020698

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-70F (FROZEN)
Effective: PENDING
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Pricing Plan R-70F (FROZEN) Residential Time-of-Use

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-70F (FROZEN)
Effective: PENDING
Page No.: 4 of 4



Pricing Plan R-70N-B Residential Time-of-Use – Weekend Includes Shoulder

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To all general power and lighting service unless otherwise addressed by specific pricing plans, when all energy is supplied at one point of delivery and through one metered service. Not applicable to resale, breakdown, standby, or auxiliary service. Service under this pricing plan will commence when the appropriate meter has been installed.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill	\$ 8.00 per month
Customer Charge, Three Phase service and minimum bill	\$14.00 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

SUMMER (May – October)	On-Peak	Shoulder-Peak	Off-Peak
First 500 kWh	\$0.079947	\$0.050121	\$0.041217
Next 3,000 kWh	\$0.096571	\$0.070121	\$0.057841
Over 3,500 kWh	\$0.116571	\$0.090121	\$0.077841

Summer TOU periods:

Weekdays except Memorial Day, Independence Day (July 4), and Labor Day. If Independence Day falls on Saturday, the Weekend schedule applies on the preceeding Friday, July 3. If Independence Day falls on Sunday, the Weekend schedule applies on the following Monday, July 5.

On-Peak:	2:00 p.m. to 6:00 p.m.
Shoulder-Peak	12:00 p.m. (noon) to 2:00 p.m. and 6:00 p.m. to 8:00 p.m.
Off-Peak:	12:00 a.m. (midnight) to 12 p.m (noon) and 8:00 p.m. to 12:00 a.m. (midnight)

Weekends (Saturday and Sunday), Memorial Day, Independence Day (or July 3 or July 5, under above conditions), and Labor Day.

On-Peak:	(There are no On-Peak weekend hours).
Shoulder-Peak	2:00 p.m. to 8:00 p.m.
Off-Peak	12:00 a.m. (midnight) to 2 p.m. and 8:00 p.m. to 12:00 a.m. (midnight)

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-70N-B
Effective: PENDING
Page No.: 1 of 4



Pricing Plan R-70N-B
Residential Time-of-Use – Weekend Includes Shoulder

Delivery Charge

WINTER (November – April)	On-Peak	Off-Peak
First 500 kWh	\$0.067066	\$0.037066
Next 3,000 kWh	\$0.085478	\$0.055478
Over 3,500 kWh	\$0.105478	\$0.075478

Winter TOU periods:

Weekdays except Thanksgiving Day, Christmas Day, and New Years Day. If Christmas Day and New Years Day fall on Saturdays, the Weekend schedule applies on the preceeding Fridays, December 24 and December 31. If Christmas Day and New Years Day fall on Sundays, the Weekend schedule applies on the following Mondays, December 26 and January 2.

On-Peak is 6:00 a.m. to 10:00 a.m. and 5:00 p.m. to 9:00 p.m.

Shoulder-Peak: *(There are no Shoulder Peak periods in the winter)*

Off-Peak is 12:00 a.m. (midnight) to 6:00 a.m., 10:00 a.m. to 5:00 p.m., and 9:00 p.m. to 12:00 a.m. (midnight)

Weekends (Saturday and Sunday), Thanksgiving Day, Christmas Day (or December 24 or December 26, under above conditions), and New Years Day (or December 31 or January 2, under above conditions).

On-Peak is 5:00 p.m. to 9:00 p.m.

Shoulder-Peak: *(There are no Shoulder Peak periods in the winter)*

Off-Peak is 12:00 a.m. (midnight) to 5:00 p.m., and 9:00 p.m. to 12:00 a.m. (midnight)

Calculation of Tiered (Block) Usage by TOU Period:

Step 1: Calculate percent usage by TOU period.

Step 2: Calculate the kWh usage by tier (block).

Step 3: Multiply percent usage by TOU period by kWh usage by tier to obtain tiered usage by TOU period.

Example: A customer using 2,000 kWh in a month, with 20% peak usage, 25% shoulder usage, and 55% off-peak usage will have 100 kWh in peak 1st tier, 300 kWh in peak 2nd tier, 125 kWh in shoulder 1st tier, 375 kWh in shoulder 2nd tier, 275 kWh in off-peak 1st tier, and 825 kWh in off-peak 2nd tier.

Fuel and Purchased Power

Summer On-Peak	\$0.055440 per kWh
Summer Shoulder-Peak	\$0.034876 per kWh
Summer Off-Peak	\$0.019865 per kWh

Winter On-Peak	\$0.042874 per kWh
Winter Off-Peak	\$0.025086 per kWh

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-70N-B
Effective: PENDING
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Pricing Plan R-70N-B
Residential Time-of-Use – Weekend Includes Shoulder

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$2.40 per month
Note: Additional meter service charge of \$6.00 per month for Three Phase Service.	

Energy Charges (kWh):

((NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.))

Delivery Charge

DELIVERY SUMMER (May – October)	On-Peak	Shoulder-Peak	Off-Peak
First 500 kWh	\$0.010526	(\$0.000900)	(\$0.001396)
Next 3,000 kWh	\$0.027150	\$0.019100	\$0.015228
Over 3,500 kWh	\$0.047150	\$0.039100	\$0.035228

DELIVERY WINTER (November – April)	On-Peak	Off-Peak
First 500 kWh	\$0.009623	(\$0.003317)
Next 3,000 kWh	\$0.028035	\$0.015095
Over 3,500 kWh	\$0.048035	\$0.035095

Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh

Transmission	\$0.007525 per kWh
Transmission / Ancillary Services	

System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Generation Capacity	
Summer On-Peak	\$0.055459 per kWh
Summer Shoulder-Peak	\$0.037059 per kWh
Summer Off-Peak	\$0.028651 per kWh
Winter On-Peak	\$0.043481 per kWh
Winter Off-Peak	\$0.026421 per kWh

Filed By: Raymond S. Heyman
 Title: Senior Vice President, General Counsel
 District: Entire Electric Service Area

Tariff No.: R-70N-B
 Effective: PENDING
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Pricing Plan R-70N-B
Residential Time-of-Use – Weekend Includes Shoulder

Fuel and Purchased Power

Summer On-Peak	\$0.055440 per kWh
Summer Shoulder-Peak	\$0.034876 per kWh
Summer Off-Peak	\$0.019865 per kWh
Winter On-Peak	\$0.042874 per kWh
Winter Off-Peak	\$0.025086 per kWh

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-70N-B
Effective: PENDING
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Pricing Plan R-70N-C
Residential Time-of-Use
Weekend Includes Super-Peak

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To all general power and lighting service unless otherwise addressed by specific pricing plans, when all energy is supplied at one point of delivery and through one metered service. Not applicable to resale, breakdown, standby, or auxiliary service. Service under this pricing plan will commence when the appropriate meter has been installed.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill	\$ 8.00 per month
Customer Charge, Three Phase service and minimum bill	\$14.00 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

SUMMER (May - October)	On-Peak	Shoulder-Peak	Off-Peak
First 500 kWh	\$0.077356	\$0.049507	\$0.038229
Next 3,000 kWh	\$0.096354	\$0.069507	\$0.057227
Over 3,500 kWh	\$0.116354	\$0.089507	\$0.077227

Summer TOU periods:

Weekdays except Memorial Day, Independence Day (July 4), and Labor Day. If Independence Day falls on Saturday, the Weekend schedule applies on the preceeding Friday, July 3. If Independence Day falls on Sunday, the Weekend schedule applies on the following Monday, July 5.

On-Peak: 2:00 p.m. to 6:00 p.m.
Shoulder-Peak 12:00 p.m. (noon) to 2:00 p.m. and 6:00 p.m. to 8:00 p.m.
Off-Peak: 12:00 a.m. (midnight) to 12 p.m (noon) and 8:00 p.m. to 12:00 a.m. (midnight)

Weekends (Saturday and Sunday), Memorial Day, Independence Day (or July 3 or July 5, under above conditions), and Labor Day.

On-Peak: 2:00 p.m. to 6:00 p.m.
Shoulder-Peak *(There are no Shoulder-peak weekend hours)*
Off-Peak 12:00 a.m. (midnight) to 2 p.m. and 6:00 p.m. to 12:00 a.m. (midnight)

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-70N-C
Effective: PENDING
Page No.: 1 of 4



**Pricing Plan R-70N-C
Residential Time-of-Use
Weekend Includes Super-Peak**

Delivery Charge

WINTER (November – April)	On-Peak	Off-Peak
First 500 kWh	\$0.066452	\$0.036452
Next 3,000 kWh	\$0.084864	\$0.054864
Over 3,500 kWh	\$0.104864	\$0.074864

Winter TOU periods:

Weekdays except Thanksgiving Day, Christmas Day, and New Years Day. If Christmas Day and New Years Day fall on Saturdays, the Weekend schedule applies on the preceeding Fridays, December 24 and December 31. If Christmas Day and New Years Day fall on Sundays, the Weekend schedule applies on the following Mondays, December 26 and January 2.

On-Peak is 6:00 a.m. to 10:00 a.m. and 5:00 p.m. to 9:00 p.m.

Shoulder-Peak: *(There are no Shoulder Peak periods in the winter)*

Off-Peak is 12:00 a.m. (midnight) to 6:00 a.m., 10:00 a.m. to 5:00 p.m., and 9:00 p.m. to 12:00 a.m. (midnight)

Weekends (Saturday and Sunday), Thanksgiving Day, Christmas Day (or December 24 or December 26, under above conditions), and New Years Day (or December 31 or January 2, under above conditions).

On-Peak is 5:00 p.m. to 9:00 p.m.

Shoulder-Peak: *(There are no Shoulder Peak periods in the winter)*

Off-Peak is 12:00 a.m. (midnight) to 5:00 p.m., and 9:00 p.m. to 12:00 a.m. (midnight)

Fuel and Purchased Power - Base cost (per kWh):

Summer On-Peak	\$0.054330 per kWh
Summer Shoulder-Peak	\$0.034177 per kWh
Summer Off-Peak	\$0.019467 per kWh
Winter On-Peak	\$0.042015 per kWh
Winter Off-Peak	\$0.024584 per kWh

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$2.40 per month
Note: Additional meter service charge of \$6.00 per month for Three Phase Service.	

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-70N-C
Effective: PENDING
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**Pricing Plan R-70N-C
Residential Time-of-Use
Weekend Includes Super-Peak**

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.)

Delivery Charge

DELIVERY SUMMER (May – October)	On-Peak	Shoulder-Peak	Off-Peak
First 500 kWh	\$0.009938	(\$0.001547)	(\$0.001917)
Next 3,000 kWh	\$0.028936	\$0.018453	\$0.017081
Over 3,500 kWh	\$0.048936	\$0.038453	\$0.037081

DELIVERY WINTER (November – April)	On-Peak	Off-Peak
First 500 kWh	\$0.008866	(\$0.003779)
Next 3,000 kWh	\$0.027278	\$0.014633
Over 3,500 kWh	\$0.047278	\$0.034633

Fixed Must-Run (See Must-Run Generation – Rider No. 2) \$0.003849 per kWh
System Benefits \$0.000468 per kWh

Transmission \$0.007525 per kWh
Transmission / Ancillary Services
 System Control & Dispatch \$0.000102 per kWh
 Reactive Supply and Voltage Control \$0.000402 per kWh
 Regulation and Frequency Response \$0.000389 per kWh
 Spinning Reserve Service \$0.001055 per kWh
 Supplemental Reserve Service \$0.000172 per kWh
 Energy Imbalance Service: currently charged pursuant to the Company's OATT.

Generation Capacity
 Summer On-Peak \$0.053456 per kWh
 Summer Shoulder-Peak \$0.037092 per kWh
 Summer Off-Peak \$0.026184 per kWh

 Winter On-Peak \$0.043624 per kWh
 Winter Off-Peak \$0.026269 per kWh

Fuel and Purchased Power
 Summer On-Peak \$0.054330 per kWh
 Summer Shoulder-Peak \$0.034177 per kWh
 Summer Off-Peak \$0.019467 per kWh

 Winter On-Peak \$0.042015 per kWh
 Winter Off-Peak \$0.024584 per kWh

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-70N-C
Effective: PENDING
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**Pricing Plan R-70N-C
Residential Time-of-Use
Weekend Includes Super-Peak**

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-70N-C
Effective: PENDING
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**Pricing Plan R-70N-D
Residential Time-of-Use
Weekend Entirely Off-Peak**

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To all general power and lighting service unless otherwise addressed by specific pricing plans, when all energy is supplied at one point of delivery and through one metered service. Not applicable to resale, breakdown, standby, or auxiliary service.

Service under this pricing plan will commence when the appropriate meter has been installed.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill	\$ 8.00 per month
Customer Charge, Three Phase service and minimum bill	\$14.00 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

SUMMER (May - October)	On-Peak	Shoulder-Peak	Off-Peak
First 500 kWh	\$0.091873	\$0.049814	\$0.042073
Next 3,000 kWh	\$0.107334	\$0.069814	\$0.057534
Over 3,500 kWh	\$0.127334	\$0.089814	\$0.077534

Summer TOU periods:

Weekdays except Memorial Day, Independence Day (July 4), and Labor Day. If Independence Day falls on Saturday, the Weekend schedule applies on the preceeding Friday, July 3. If Independence Day falls on Sunday, the Weekend schedule applies on the following Monday, July 5.

On-Peak: 2:00 p.m. to 6:00 p.m.
Shoulder-Peak 12:00 p.m. (noon) to 2:00 p.m. and 6:00 p.m. to 8:00 p.m.
Off-Peak: 12:00 a.m. (midnight) to 12 p.m (noon) and 8:00 p.m. to 12:00 a.m. (midnight)

Weekends (Saturday and Sunday), Memorial Day, Independence Day (or July 3 or July 5, under above conditions), and Labor Day.

On-Peak: (There are no On-Peak weekend hours)
Shoulder-Peak (There are no Shoulder-Peak weekend hours)
Off-Peak All hours.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-70N-D
Effective: PENDING
Page No.: 1 of 4



**Pricing Plan R-70N-D
Residential Time-of-Use
Weekend Entirely Off-Peak**

Delivery Charge

WINTER (November – April)	On-Peak	Off-Peak
First 500 kWh	\$0.068737	\$0.038737
Next 3,000 kWh	\$0.085171	\$0.055171
Over 3,500 kWh	\$0.105171	\$0.075171

Winter TOU periods:

Weekdays except Thanksgiving Day, Christmas Day, and New Years Day. If Christmas Day and New Years Day fall on Saturdays, the Weekend schedule applies on the preceeding Fridays, December 24 and December 31. If Christmas Day and New Years Day fall on Sundays, the Weekend schedule applies on the following Mondays, December 26 and January 2.

On-Peak is 6:00 a.m. to 10:00 a.m. and 5:00 p.m. to 9:00 p.m.

Shoulder-Peak: there are no shoulder peak periods in the winter.

Off-Peak is 12:00 a.m. (midnight) to 6:00 a.m., 10:00 a.m. to 5:00 p.m., and 9:00 p.m. to 12:00 a.m. (midnight)

Weekends (Saturday and Sunday), Thanksgiving Day, Christmas Day (or December 24 or December 26, under above conditions), and New Years Day (or December 31 or January 2, under above conditions).

On-Peak: *(There are no On-Peak weekend hours)*

Shoulder-Peak *(There are no Shoulder-Peak weekend hours)*

Off-Peak All hours.

Fuel and Purchased Power

Summer On-Peak	\$0.058271 per kWh
Summer Shoulder-Peak	\$0.036656 per kWh
Summer Off-Peak	\$0.020880 per kWh
Winter On-Peak	\$0.045063 per kWh
Winter Off-Peak	\$0.026368 per kWh

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

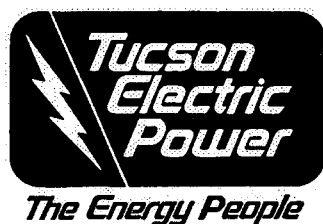
Customer Charges:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$2.40 per month

Note: Additional meter service charge of \$6.00 per month for Three Phase Service.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-70N-D
Effective: PENDING
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**Pricing Plan R-70N-D
Residential Time-of-Use
Weekend Entirely Off-Peak**

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.)

Delivery Charge

DELIVERY SUMMER (May – October)	On-Peak	Shoulder-Peak	Off-Peak
First 500 kWh	\$0.022190	(\$0.000534)	(\$0.001075)
Next 3,000 kWh	\$0.037651	\$0.019466	\$0.014386
Over 3,500 kWh	\$0.057651	\$0.039466	\$0.034386

DELIVERY WINTER (November – April)	On-Peak	Off-Peak
First 500 kWh	\$0.010124	(\$0.002989)
Next 3,000 kWh	\$0.026558	\$0.013445
Over 3,500 kWh	\$0.046558	\$0.033445

Fixed Must-Run (See Must-Run Generation – Rider No. 2) \$0.003849 per kWh
System Benefits \$0.000468 per kWh

Transmission \$0.007525 per kWh

Transmission / Ancillary Services

System Control & Dispatch \$0.000102 per kWh
Reactive Supply and Voltage Control \$0.000402 per kWh
Regulation and Frequency Response \$0.000389 per kWh
Spinning Reserve Service \$0.001055 per kWh
Supplemental Reserve Service \$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.

Generation Capacity

Summer On-Peak \$0.055721 per kWh
Summer Shoulder-Peak \$0.036386 per kWh
Summer Off-Peak \$0.029186 per kWh

Winter On-Peak \$0.044651 per kWh
Winter Off-Peak \$0.027764 per kWh

Fuel and Purchased Power

Summer On-Peak \$0.058271 per kWh
Summer Shoulder-Peak \$0.036656 per kWh
Summer Off-Peak \$0.020880 per kWh

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

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Effective: PENDING
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**Pricing Plan R-70N-D
Residential Time-of-Use
Weekend Entirely Off-Peak**

Winter On-Peak
Winter Off-Peak

\$0.045063 per kWh
\$0.026368 per kWh

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-70N-D
Effective: PENDING
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Pricing Plan R-201AF (FROZEN) Special Residential Electric Service

AVAILABILITY

This pricing plan is frozen to new subscription. Existing customers on R-201AF who move can remain on R-201AF or choose from any available non-frozen pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

APPLICABILITY

To single phase or three phase (Option A only) (subject to availability at point of delivery) electric service in individual residences as described in current program details when all service is supplied at one point of delivery and energy is metered through one meter. Additionally, this pricing plan requires that the customer use exclusively the Company's service for all space heating and all water heating energy requirements except as provided below and that the customer's home conform to the standards of the Heating, Cooling and Comfort Guarantee program as in effect at the time of subscription to this pricing plan. Notwithstanding the above, the customer's use of solar energy for any purpose shall not preclude subscription to this pricing plan.

Not applicable to resale, breakdown, temporary, standby, or auxiliary service or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single or three phase (Option A only), 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill,	\$ 7.00 per month
Customer Charge, Three Phase service and minimum bill,	\$13.00 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

Mid-summer season of June 1 - August 31	\$0.066139 per kWh
Remaining summer season of May 1 - May 31 & September 1 - October 31	\$0.044138 per kWh
Winter season of November 1 - April 30	\$0.033803 per kWh

Fuel and Purchased Power Charge

Mid-summer season of June 1 - August 31	\$0.033198 per kWh
Remaining summer season of May 1 - May 31 & September 1 - October 31	\$0.033198 per kWh
Winter season of November 1 - April 30	\$0.025698 per kWh

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-201AF (FROZEN)
Effective: PENDING
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Pricing Plan R-201AF (FROZEN) Special Residential Electric Service

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charge:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$1.40 per month

Note: Additional meter service charge of \$6.00 per month for Three Phase Service.

Energy Charges (kWh):

((NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.))

Delivery Charge

Mid-summer season	\$0.017524 per kWh
Remaining-summer season	(\$0.004477) per kWh
Winter season	(\$0.007286) per kWh

Generation Capacity

Mid-summer season	\$0.034653 per kWh
Remaining-summer season	\$0.034653 per kWh
Winter season	\$0.027127 per kWh

Fixed Must-Run

\$0.003849 per kWh

System Benefits

\$0.000468 per kWh

Transmission

\$0.007525 per kWh

Transmission Ancillary Services

System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service:	currently charged pursuant to the Company's OATT.

Fuel and Purchased Power Charge

Mid-summer season	\$0.033198 per kWh
Remaining summer season	\$0.033198 per kWh
Winter season	\$0.025698 per kWh

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-201AF (FROZEN)
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Pricing Plan R-201AF (FROZEN) Special Residential Electric Service

Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-201AF (FROZEN)
Effective: PENDING
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Pricing Plan R-201BF (FROZEN) Special Residential Electric Service

AVAILABILITY

This pricing plan is frozen to new subscription. Existing customers on R-201BF who move can remain on R-201BF or choose from any available non-frozen pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

APPLICABILITY

To single phase (subject to availability at point of delivery) electric service in individual residences as described in current program details when all service is supplied at one point of delivery and energy is metered through one meter. Additionally, this pricing plan requires that the customer use exclusively the Company's service for all space heating and all water heating energy requirements except as provided below and that the customer's home conform to the standards of the Heating, Cooling and Comfort Guarantee program as in effect at the time of subscription to this pricing plan. Notwithstanding the above, the customer's use of solar energy for any purpose shall not preclude subscription to this pricing plan.

Not applicable to resale, breakdown, temporary, standby, or auxiliary service or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

Customers must stay on pricing plan R-201BF for a minimum period of one (1) year. A Customer, at his/her discretion and after being served for a twelve (12) month period of this pricing plan, may opt to switch service to the non-time-of-use R-201AN pricing plan. The Company shall refund to the Customer any excess moneys paid in total over the entire twelve months under pricing plan R-201BF, that would not have been paid under pricing plan R-201AN. A Customer shall be eligible to receive such a refund of excess moneys on a single occasion only.

CHARACTER OF SERVICE

Single phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill,

\$7.00 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.166303	\$0.124945	\$0.075935
Shoulder	\$0.093043	\$0.067767	N/A
Off-Peak	\$0.031395	\$0.018756	\$0.006499

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-201BF (FROZEN)
Effective: PENDING
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Pricing Plan R-201BF (FROZEN) Special Residential Electric Service

Fuel and Purchased Power Charge

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.055698	\$0.055698	\$0.040698
Shoulder	\$0.048198	\$0.048198	N/A
Off-Peak	\$0.023198	\$0.023198	\$0.020698

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

The Company has the option to price service in the billing months of May and October at lower levels, which levels shall not be less than marginal cost. Any shoulder consumption remaining from October usage will be billed at the shoulder summer shoulder price in following billing months.

The summer On-Peak period is 1:00 p.m. to 6:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The summer Shoulder period is 6:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The winter On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$1.40 per month

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall not be less than zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result in the customer being paid (rather than paying) for TEP services.)

Delivery Charge

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.106488	\$0.065130	\$0.028180
Shoulder	\$0.039258	\$0.013982	N/A
Off-Peak	(\$0.002291)	(\$0.014930)	(\$0.025177)

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-201BF (FROZEN)
Effective: PENDING
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Pricing Plan R-201BF (FROZEN) Special Residential Electric Service

Generation Capacity

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.045853	\$0.045853	\$0.033793
Shoulder	\$0.039823	\$0.039823	N/A
Off-Peak	\$0.019724	\$0.019724	\$0.017714

Fixed Must-Run \$0.003849 per kWh
System Benefits \$0.000468 per kWh

Transmission \$0.007525 per kWh
Transmission Ancillary Services

System Control & Dispatch \$0.000102 per kWh
Reactive Supply and Voltage Control \$0.000402 per kWh
Regulation and Frequency Response \$0.000389 per kWh
Spinning Reserve Service \$0.001055 per kWh
Supplemental Reserve Service \$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.

Fuel and Purchased Power Charge

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.055698	\$0.055698	\$0.040698
Shoulder	\$0.023198	\$0.023198	N/A
Off-Peak	\$0.048198	\$0.048198	\$0.020698

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-201BF (FROZEN)
Effective: PENDING
Page No.: Page 3 of 4



Pricing Plan R-201BF (FROZEN) Special Residential Electric Service

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-201BF (FROZEN)
Effective: PENDING
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Pricing Plan R-201CF (FROZEN) Special Residential Electric Service

AVAILABILITY

This pricing plan is frozen to new subscription. Existing customers on R-201CF who move can remain on R-201CF or choose from any available non-frozen pricing plan.

APPLICABILITY

To single phase (subject to availability at point of delivery) electric service in individual residences as described in current program details when all service is supplied at one point of delivery and energy is metered through one meter. Additionally, this pricing plan requires that the customer use exclusively the Company's service for all space heating and either (1) solar water heating equipment or (2) an electric heat pump water heater or (3) a photovoltaic system except as provided below and that the customer's home conform to the standards of the Heating, Cooling and Comfort Guarantee program as in effect at the time of subscription to this pricing plan. Not applicable to resale, breakdown, temporary, standby, or auxiliary service or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

Customers must stay on pricing plan R-201CF for a minimum period of one (1) year. A Customer, at his/her discretion and after being served for a twelve (12) month period of this pricing plan, may opt to switch service to the non-time-of-use R-201 pricing plan of R-201AN. The Company shall refund to the Customer any excess moneys paid in total over the entire twelve months under pricing plan R201CF, that would not have been paid under pricing plan R-201AN. A Customer shall be eligible to receive such a refund of excess moneys on a single occasion only.

CHARACTER OF SERVICE

Single phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill,

\$7.00 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

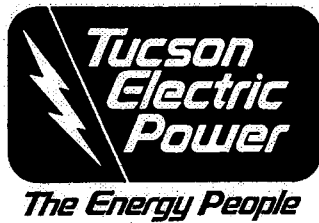
	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.161981	\$0.112200	\$0.066272
Shoulder	\$0.090057	\$0.058618	N/A
Off-Peak	\$0.028409	\$0.012688	\$0.001201

Fuel and Purchased Power Charge

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.055698	\$0.055698	\$0.040698
Shoulder	\$0.048198	\$0.048198	N/A
Off-Peak	\$0.023198	\$0.023198	\$0.020698

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-201CF (FROZEN)
Effective: PENDING
Page No.: Page 1 of 3



Pricing Plan R-201CF (FROZEN) Special Residential Electric Service

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

The Company has the option to price service in the billing months of May and October at lower levels, which levels shall not be less than marginal cost. Any shoulder consumption remaining from October usage will be billed at the shoulder summer shoulder price in following billing months.

The summer On-Peak period is 1:00 p.m. to 6:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The summer Shoulder period is 6:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The winter On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charge

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$1.40 per month

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.)

Delivery Charge

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.112559	\$0.062778	\$0.026177
Shoulder	\$0.045299	\$0.013860	N/A
Off-Peak	(\$0.000806)	(\$0.016527)	(\$0.026460)

Generation Capacity

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.035460	\$0.035460	\$0.026133
Shoulder	\$0.030796	\$0.030796	N/A
Off-Peak	\$0.015253	\$0.015253	\$0.013699

Fixed Must-Run
System Benefits

\$0.003849 per kWh
\$0.000468 per kWh

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-201CF (FROZEN)
Effective: PENDING
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Pricing Plan R-201CF (FROZEN) Special Residential Electric Service

Transmission	\$0.007525 per kWh
Transmission Ancillary Services	
System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Fuel and Purchased Power Charge

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.055698	\$0.055698	\$0.040698
Shoulder	\$0.048198	\$0.048198	N/A
Off-Peak	\$0.023198	\$0.023198	\$0.020698

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-201CF (FROZEN)
Effective: PENDING
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Pricing Plan R-201AN Special Residential Electric Service

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To single phase or three phase (Option A only) (subject to availability at point of delivery) electric service in individual residences as described in current program details when all service is supplied at one point of delivery and energy is metered through one meter. Additionally, this pricing plan requires that the customer use exclusively the Company's service for all space heating and all water heating energy requirements except as provided below and that the customer's home conform to the standards of the Heating, Cooling and Comfort Guarantee program as in effect at the time of subscription to this pricing plan. Notwithstanding the above, the customer's use of solar energy for any purpose shall not preclude subscription to this pricing plan.

Not applicable to resale, breakdown, temporary, standby, or auxiliary service or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill	\$ 7.00 per month
Customer Charge, Three Phase service and minimum bill	\$13.00 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

	Mid-Summer (June - August)	Remaining Summer (May, September - October)	Winter (November - April)
First 500 kWh	\$0.065598	\$0.022737	\$0.020737
Next 3,000 kWh	\$0.085598	\$0.042737	\$0.040737
Over 3,500 kWh	\$0.105598	\$0.062737	\$0.060737

Fuel and Purchased Power

Mid-Summer	\$0.043166 per kWh
Remaining-Summer	\$0.023166 per kWh
Winter	\$0.027033 per kWh

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-201AN
Effective: PENDING
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Pricing Plan R-201AN Special Residential Electric Service

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$1.510 per month
Meter Reading	\$0.800 per month
Billing & Collection	\$3.290 per month
Customer Delivery	\$1.400 per month

Note: Additional meter service charge of \$6.000 per month for Three Phase Service.

Energy Charges (kWh):

Delivery Charge

	Mid-Summer (June - August)	Remaining Summer (May, September - October)	Winter (November - April)
First 500 kWh	\$0.008275	\$0.006275	\$0.004275
Next 3,000 kWh	\$0.028275	\$0.026275	\$0.024275
Over 3,500 kWh	\$0.048275	\$0.046275	\$0.044275

Generation Capacity

Mid-Summer	\$0.043361 per kWh
Remaining-Summer	\$0.002500 per kWh
Winter	\$0.002500 per kWh

Fixed Must-Run System Benefits

Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh

Transmission

\$0.007525 per kWh

Transmission Ancillary Services

System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Fuel and Purchased Power

Mid-Summer	\$0.043166 per kWh
Remaining-Summer	\$0.023166 per kWh
Winter	\$0.027033 per kWh

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-201AN
Effective: PENDING
Page No.: 2 of 3



Pricing Plan R-201AN Special Residential Electric Service

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-201AN
Effective: PENDING
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Pricing Plan R-201BN Special Residential Electric Service

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To single phase (subject to availability at point of delivery) electric service in individual residences as described in current program details when all service is supplied at one point of delivery and energy is metered through one meter. Additionally, this pricing plan requires that the customer use exclusively the Company's service for all space heating and all water heating energy requirements except as provided below and that the customer's home conform to the standards of the Heating, Cooling and Comfort Guarantee program as in effect at the time of subscription to this pricing plan. Notwithstanding the above, the customer's use of solar energy for any purpose shall not preclude subscription to this pricing plan.

Not applicable to resale, breakdown, temporary, standby, or auxiliary service or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

Customers must stay on pricing plan R-201BN for a minimum period of one (1) year. A Customer, at his/her discretion and after being served for a twelve (12) month period of this pricing plan, may opt to switch service to the non-time-of-use R-201 pricing plan of R-201AN. The Company shall refund to the Customer any excess moneys paid in total over the entire twelve months under pricing plan R201BN, that would not have been paid under pricing plan R-201AN. A Customer shall be eligible to receive such a refund of excess moneys on a single occasion only.

CHARACTER OF SERVICE

Single phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill

\$ 8.00 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

Mid-Summer (June - August)	On-Peak	Shoulder-Peak	Off-Peak
First 500 kWh	\$0.110962	\$0.043962	\$0.020362
Next 3,000 kWh	\$0.130962	\$0.063962	\$0.040362
Over 3,500 kWh	\$0.150962	\$0.083962	\$0.060362

Remaining Summer (May, September - October)	On-Peak	Shoulder-Peak	Off-Peak
First 500 kWh	\$0.047962	\$0.024162	\$0.016462
Next 3,000 kWh	\$0.067962	\$0.044162	\$0.036462
Over 3,500 kWh	\$0.087962	\$0.064162	\$0.056462

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-201BN
Effective: PENDING
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Pricing Plan R-201BN Special Residential Electric Service

Mid-Summer and Remaining Summer TOU periods:

Weekdays except Memorial Day, Independence Day (July 4), and Labor Day. If Independence Day falls on Saturday, the Weekend schedule applies on the preceeding Friday, July 3. If Independence Day falls on Sunday, the Weekend schedule applies on the following Monday, July 5.

On-Peak:	2:00 p.m. to 6:00 p.m.
Shoulder-Peak	12:00 p.m. (noon) to 2:00 p.m. and 6:00 p.m. to 8:00 p.m.
Off-Peak:	12:00 a.m. (midnight) to 12 p.m (noon) and 8:00 p.m. to 12:00 a.m. (midnight)

Weekends (Saturday and Sunday), Memorial Day, Independence Day (or July 3 or July 5, under above conditions), and Labor Day.

On-Peak:	<i>(There are no On-Peak weekend hours)</i>
Shoulder-Peak	<i>(There are no Shoulder-Peak weekend hours)</i>
Off-Peak	All hours.

Delivery Charge

WINTER (November – April)	On-Peak	Off-Peak
First 500 kWh	\$0.047962	\$0.016462
Next 3,000 kWh	\$0.067962	\$0.036462
Over 3,500 kWh	\$0.087962	\$0.056462

Winter TOU periods:

Weekdays except Thanksgiving Day, Christmas Day, and New Years Day. If Christmas Day and New Years Day fall on Saturdays, the Weekend schedule applies on the preceeding Fridays, December 24 and December 31. If Christmas Day and New Years Day fall on Sundays, the Weekend schedule applies on the following Mondays, December 26 and January 2.

On-Peak is 6:00 a.m. to 10:00 a.m. and 5:00 p.m. to 9:00 p.m.
 Shoulder-Peak: there are no shoulder peak periods in the winter.
 Off-Peak is 12:00 a.m. (midnight) to 6:00 a.m., 10:00 a.m. to 5:00 p.m., and 9:00 p.m. to 12:00 a.m. (midnight)

Weekends (Saturday and Sunday), Thanksgiving Day, Christmas Day (or December 24 or December 26, under above conditions), and New Years Day (or December 31 or January 2, under above conditions).

On-Peak:	<i>(There are no On-Peak weekend hours)</i>
Shoulder-Peak	<i>(There are no Shoulder-Peak weekend hours)</i>
Off-Peak	All hours.

Fuel and Purchased Power

Mid-Summer On-Peak	\$0.077356 per kWh
Mid-Summer Shoulder-Peak	\$0.038166 per kWh
Mid-Summer Off-Peak	\$0.033166 per kWh
Remaining Summer On-Peak	\$0.057356 per kWh
Remaining Summer Shoulder-Peak	\$0.018166 per kWh
Remaining Summer Off-Peak	\$0.013166 per kWh
Winter On-Peak	\$0.061223 per kWh
Winter Off-Peak	\$0.017033 per kWh

Filed By: Raymond S. Heyman
 Title: Senior Vice President, General Counsel
 District: Entire Electric Service Area

Tariff No.: R-201BN
 Effective: PENDING
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Pricing Plan R-201BN Special Residential Electric Service

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$2.40 per month

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.)

Delivery Charge

Delivery Mid-Summer (June – August)	On-Peak	Shoulder-Peak	Off-Peak
First 500 kWh	\$0.037000	\$0.012000	\$0.000400
Next 3,000 kWh	\$0.057000	\$0.032000	\$0.020400
Over 3,500 kWh	\$0.077000	\$0.052000	\$0.040400

Delivery Remaining Summer (May, September – October)	On-Peak	Shoulder-Peak	Off-Peak
First 500 kWh	\$0.010000	\$0.003000	\$0.000100
Next 3,000 kWh	\$0.030000	\$0.023000	\$0.020100
Over 3,500 kWh	\$0.050000	\$0.043000	\$0.040100

Delivery Winter (November – April)	On-Peak	Off-Peak
First 500 kWh	\$0.010000	\$0.000100
Next 3,000 kWh	\$0.030000	\$0.020100
Over 3,500 kWh	\$0.050000	\$0.040100

Generation Capacity

Mid-Summer On-Peak	\$0.060000 per kWh
Mid-Summer Shoulder-Peak	\$0.018000 per kWh
Mid-Summer Off-Peak	\$0.006000 per kWh
Remaining Summer On-Peak	\$0.024000 per kWh
Remaining Summer Shoulder-Peak	\$0.007200 per kWh
Remaining Summer Off-Peak	\$0.002400 per kWh

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-201BN
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Pricing Plan R-201BN Special Residential Electric Service

Winter On-Peak	\$0.024000 per kWh
Winter Off-Peak	\$0.002400 per kWh
Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh
Transmission	\$0.007525 per kWh
Transmission Ancillary Services	
System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	
Fuel and Purchased Power	
Mid-Summer On-Peak	\$0.077356 per kWh
Mid-Summer Shoulder-Peak	\$0.038166 per kWh
Mid-Summer Off-Peak	\$0.033166 per kWh
Remaining Summer On-Peak	\$0.057356 per kWh
Remaining Summer Shoulder-Peak	\$0.018166 per kWh
Remaining Summer Off-Peak	\$0.013166 per kWh
Winter On-Peak	\$0.061223 per kWh
Winter Off-Peak	\$0.017033 per kWh

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-201BN
Effective: PENDING
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Pricing Plan R-201BN Special Residential Electric Service

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-201BN
Effective: PENDING
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Pricing Plan R-201CN Special Residential Electric Service

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To single phase (subject to availability at point of delivery) electric service in individual residences as described in current program details when all service is supplied at one point of delivery and energy is metered through one meter. Additionally, this Schedule requires that the customer use exclusively the Company's service for all space heating and either (1) solar water heating equipment or (2) an electric heat pump water heater or (3) a photovoltaic system except as provided below and that the customer's home conform to the standards of the Heating, Cooling and Comfort Guarantee program as in effect at the time of subscription to this Schedule.

Not applicable to resale, breakdown, temporary, standby, or auxiliary service or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

Customers must stay on pricing plan R-201CN for a minimum period of one (1) year. A Customer, at his/her discretion and after being served for a twelve (12) month period of this pricing plan, may opt to switch service to the non-time-of-use R-201 pricing plan of R-201AN. The Company shall refund to the Customer any excess moneys paid in total over the entire twelve months under pricing plan R201CN, that would not have been paid under pricing plan R-201AN. A Customer shall be eligible to receive such a refund of excess moneys on a single occasion only.

CHARACTER OF SERVICE

Single phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill

\$ 8.00 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

Mid-Summer (June - August)	On-Peak	Shoulder-Peak	Off-Peak
First 500 kWh	\$0.099462	\$0.040512	\$0.019626
Next 3,000 kWh	\$0.117162	\$0.058212	\$0.037326
Over 3,500 kWh	\$0.134862	\$0.075912	\$0.055026

Remaining Summer (May, September - October)	On-Peak	Shoulder-Peak	Off-Peak
First 500 kWh	\$0.044052	\$0.022989	\$0.016175
Next 3,000 kWh	\$0.061752	\$0.040689	\$0.033875
Over 3,500 kWh	\$0.079452	\$0.058389	\$0.051575

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-201CN
Effective: PENDING
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Pricing Plan R-201CN Special Residential Electric Service

Mid-Summer and Remaining Summer TOU periods:

Weekdays except Memorial Day, Independence Day (July 4), and Labor Day. If Independence Day falls on Saturday, the Weekend schedule applies on the preceeding Friday, July 3. If Independence Day falls on Sunday, the Weekend schedule applies on the following Monday, July 5.

On-Peak: 2:00 p.m. to 6:00 p.m.
Shoulder-Peak 12:00 p.m. (noon) to 2:00 p.m. and 6:00 p.m. to 8:00 p.m.
Off-Peak: 12:00 a.m. (midnight) to 12 p.m (noon) and 8:00 p.m. to 12:00 a.m. (midnight)

Weekends (Saturday and Sunday), Memorial Day, Independence Day (or July 3 or July 5, under above conditions), and Labor Day.

On-Peak: (There are no On-Peak weekend hours)
Shoulder-Peak (There are no Shoulder-Peak weekend hours)
Off-Peak All hours.

Delivery Charge

WINTER (November – April)	On-Peak	Off-Peak
First 500 kWh	\$0.044052	\$0.016175
Next 3,000 kWh	\$0.061752	\$0.033875
Over 3,500 kWh	\$0.079452	\$0.051575

Winter TOU periods:

Weekdays except Thanksgiving Day, Christmas Day, and New Years Day. If Christmas Day and New Years Day fall on Saturdays, the Weekend schedule applies on the preceeding Fridays, December 24 and December 31. If Christmas Day and New Years Day fall on Sundays, the Weekend schedule applies on the following Mondays, December 26 and January 2.

On-Peak is 6:00 a.m. to 10:00 a.m. and 5:00 p.m. to 9:00 p.m.
Shoulder-Peak: there are no shoulder peak periods in the winter.
Off-Peak is 12:00 a.m. (midnight) to 6:00 a.m., 10:00 a.m. to 5:00 p.m., and 9:00 p.m. to 12:00 a.m. (midnight)

Weekends (Saturday and Sunday), Thanksgiving Day, Christmas Day (or December 24 or December 26, under above conditions), and New Years Day (or December 31 or January 2, under above conditions).

On-Peak: (There are no On-Peak weekend hours)
Shoulder-Peak (There are no Shoulder-Peak weekend hours)
Off-Peak All hours.

Fuel and Purchased Power

Mid-Summer On-Peak \$0.078903 per kWh
Mid-Summer Shoulder-Peak \$0.038929 per kWh
Mid-Summer Off-Peak \$0.033829 per kWh

Remaining Summer On-Peak \$0.058503 per kWh
Remaining Summer Shoulder-Peak \$0.018529 per kWh
Remaining Summer Off-Peak \$0.013429 per kWh

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

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Pricing Plan R-201CN Special Residential Electric Service

Winter On-Peak
Winter Off-Peak

\$0.062447 per kWh
\$0.017374 per kWh

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$2.40 per month

Energy Charges (kWh):

Delivery Charge

Delivery Mid-Summer (June – August)	On-Peak	Shoulder-Peak	Off-Peak
First 500 kWh	\$0.032400	\$0.010620	\$0.000354
Next 3,000 kWh	\$0.050100	\$0.028320	\$0.018054
Over 3,500 kWh	\$0.067800	\$0.046020	\$0.035754

Remaining Summer (May, September – October)	On-Peak	Shoulder-Peak	Off-Peak
First 500 kWh	\$0.008850	\$0.002655	\$0.000089
Next 3,000 kWh	\$0.026550	\$0.020355	\$0.017789
Over 3,500 kWh	\$0.044250	\$0.038055	\$0.035489

Delivery Winter (November – April)	On-Peak	Off-Peak
First 500 kWh	\$0.008850	\$0.000089
Next 3,000 kWh	\$0.026550	\$0.017789
Over 3,500 kWh	\$0.044250	\$0.035489

Generation Capacity

Mid-Summer On-Peak	\$0.053100 per kWh
Mid-Summer Shoulder-Peak	\$0.015930 per kWh
Mid-Summer Off-Peak	\$0.005310 per kWh
Remaining Summer On-Peak	\$0.021240 per kWh
Remaining Summer Shoulder-Peak	\$0.006372 per kWh
Remaining Summer Off-Peak	\$0.002124 per kWh

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-201CN
Effective: PENDING
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Pricing Plan R-201CN Special Residential Electric Service

Winter On-Peak	\$0.021240 per kWh
Winter Off-Peak	\$0.002124 per kWh
Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh
Transmission	\$0.007525 per kWh
Transmission Ancillary Services	
System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	
Fuel and Purchased Power	
Mid-Summer On-Peak	\$0.078903 per kWh
Mid-Summer Shoulder-Peak	\$0.038929 per kWh
Mid-Summer Off-Peak	\$0.033829 per kWh
Remaining Summer On-Peak	\$0.058503 per kWh
Remaining Summer Shoulder-Peak	\$0.018529 per kWh
Remaining SummerOff-Peak	\$0.013429 per kWh
Winter On-Peak	\$0.062447 per kWh
Winter Off-Peak	\$0.017374 per kWh

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-201CN
Effective: PENDING
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Pricing Plan R-201CN Special Residential Electric Service

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-201CN
Effective: PENDING
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Special Residential Schedule No. 208 Heating, Cooling & Comfort Guarantee

AVAILABILITY

In all territory served by Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the premises served. Access to the meter during normal working hours is also a prerequisite for this Schedule.

APPLICABILITY

To single phase or three phase (subject to availability at point of delivery) electric service in individual residences as described in current program details when all service is supplied at one point of delivery and energy is metered through one meter. Additionally, this Schedule requires that the Customer's home be certified by the Company as a Heating, Cooling & Comfort Guarantee Home.

WRITTEN GUARANTEE

The Customer may subscribe to any of the Company's applicable Residential schedules. Pursuant to this Schedule No. 208, the customer receives a Guarantee, the average kWh usage for heating and cooling the home each year shall not exceed the annual kWh consumption resulting from a detailed engineering simulation of the home. The Guaranteed amount will be calculated under Special Residential pricing plan R-201A or Residential pricing plan R-01 for the kWh associated with the guaranteed heating and cooling usage as described in the Guarantee which covers only heating and cooling kWh usage in the home and does not apply to energy use from other electrical devices. The Guarantee is applicable for a minimum period of three years from the date thereon. Additional terms and conditions are set forth in the written Guarantee.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this Schedule.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-208
Effective: PENDING
Page No.: 1 of 1



Pricing Plan GS-10 General Service

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To all general power and lighting service unless otherwise addressed by specific pricing plans, when all energy is supplied at one point of delivery and through one metered service.

Not applicable to resale, breakdown, standby, or auxiliary service.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

RATE

A monthly net bill at the following rate, plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill	\$ 8.00 per month
Customer Charge, Three Phase service and minimum bill	\$14.00 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

	Summer (May - October)	Winter (November - April)
First 500 kWh	\$0.056236	\$0.051252
All remaining kWhs	\$0.085145	\$0.080145

Fuel and Purchased Power

Summer	\$0.031550 per kWh
Winter	\$0.024222 per kWh

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

ADJUSTMENT FOR TRANSFORMER OWNERSHIP AND METERING

- When Company owns transformers and energy is metered on primary side of transformers, the demand shall be metered and the above schedule subject to a discount of 10.3¢ per kW per month of the billing demand each month.
- When Customer owns transformers and energy is metered on primary side of transformers, the demand shall be metered and the above schedule subject to a discount of 20.6¢ per kW per month of the billing demand each month.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: GS-10
Effective: PENDING
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Pricing Plan GS-10 General Service

- (c) When Customer owns transformers and, at Company's option, energy is metered on secondary side of transformers, the demand shall be metered and the above schedule subject to a discount of 10.3¢ per kW per month of the billing demand each month.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$2.12 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.23 per month
Customer Delivery	\$1.85 per month

Note: Additional meter service charge of \$6.00 per month for Three Phase Service.

Energy Charges (kWh):

Delivery Charge

	Summer (May - October)	Winter (November - April)
First 500 kWh	\$0.013026	\$0.013832
All remaining kWhs	\$0.041935	\$0.042725

Generation Capacity

Summer	\$0.030119 per kWh
Winter	\$0.024329 per kWh

Fixed Must-Run System Benefits

Fixed Must-Run	\$0.003293 per kWh
System Benefits	\$0.000443 per kWh

Transmission

\$0.007298 per kWh

Transmission Ancillary Services

System Control & Dispatch	\$0.000099 per kWh
Reactive Supply and Voltage Control	\$0.000390 per kWh
Regulation and Frequency Response	\$0.000377 per kWh
Spinning Reserve Service	\$0.001024 per kWh
Supplemental Reserve Service	\$0.000167 per kWh
Energy Imbalance Service:	currently charged pursuant to the Company's OATT.

Fuel and Purchased Power:

Summer	\$0.031550 per kWh
Winter	\$0.024222 per kWh

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: GS-10
Effective: PENDING
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Pricing Plan GS-10 General Service

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: GS-10
Effective: PENDING
Page No.: 3 of 3



Pricing Plan GS-76F (FROZEN) General Service Time-of-Use

AVAILABILITY

This pricing plan is frozen to new subscription. Existing customers on GS-76F who move can remain on GS-76F or choose from any available non-frozen pricing plan.

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises. Direct access to the meter during normal working hours is also a prerequisite for this pricing plan. Service hereunder shall be limited to either an aggregate customer total of 30 MW or an aggregate customer total of 130,000,000 kWh annually, whichever total is reached first.

APPLICABILITY

This pricing plan is frozen to existing customers at existing sites or delivery points. New customers, including current customers who move, are not eligible for service under this pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

Customers must stay on this pricing plan for a minimum period of one (1) year. A Customer, at his/her discretion and after being served for a twelve (12) month period under Pricing Plan GS-76 Frozen, may opt to switch service to the Company's non-time-of-use General Service Pricing Plan GS-10. The Company shall refund to the Customer any excess moneys paid in total over the entire twelve months under pricing plan GS-76 Frozen that would not have been paid under pricing plan GS-10. A Customer shall be eligible to receive such a refund of excess moneys on a single occasion only.

Not applicable to resale, breakdown, standby, or auxiliary service.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill	\$ 8.00 per month
Customer Charge, Three Phase service and minimum bill	\$14.00 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.207220	\$0.130159
Shoulder-Peak	\$0.119884	N/A
Off-Peak	\$0.042825	\$0.027411

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: GS-76F (FROZEN)
Effective: PENDING
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Pricing Plan GS-76F (FROZEN) General Service Time-of-Use

Fuel and Purchased Power

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.056123	\$0.038809
Shoulder-Peak	\$0.056123	N/A
Off-Peak	\$0.023623	\$0.018809

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

The Company has the option to price service in the billing months of May and October at lower levels, which levels shall not be less than marginal cost. Any shoulder consumption remaining from October usage will be billed at the summer shoulder price in following billing months.

The summer On-Peak period is 1:00 p.m. to 6:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The summer Shoulder period is 6:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The winter On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

ADJUSTMENT FOR TRANSFORMER OWNERSHIP AND METERING

- (a) When Company owns transformers and energy is metered on primary side of transformers, the demand shall be metered and the above schedule subject to a discount of 10.3¢ per kW per month of the billing demand each month.
- (b) When Customer owns transformers and energy is metered on primary side of transformers, the demand shall be metered and the above schedule subject to a discount of 20.6¢ per kW per month of the billing demand each month.
- (c) When Customer owns transformers and, at Company's option, energy is metered on secondary side of transformers, the demand shall be metered and the above schedule subject to a discount of 10.3¢ per kW per month of the billing demand each month.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charge:

Meter Services	\$2.12 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.23 per month
Customer Delivery	\$1.85 per month

Note: Additional meter service charge of \$6.00 per month for Three Phase Service.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: GS-76F (FROZEN)
Effective: PENDING
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Pricing Plan GS-76F (FROZEN) General Service Time-of-Use

Energy Charges (kWh):

Delivery Charge

	Summer (May – October)	Winter (November - April)
On-Peak	\$0.085668	\$0.054844
Shoulder-Peak	\$0.050733	N/A
Off-Peak	\$0.019910	\$0.013744

Generation Capacity

	Summer (May – October)	Winter (November - April)
On-Peak	\$0.108461	\$0.062224
Shoulder-Peak	\$0.056060	N/A
Off-Peak	\$0.009824	\$0.000576

Fixed Must-Run	\$0.003293 per kWh
System Benefits	\$0.000443 per kWh
Transmission	\$0.007298 per kWh
Transmission Ancillary Services	
System Control & Dispatch	\$0.000099 per kWh
Reactive Supply and Voltage Control	\$0.000390 per kWh
Regulation and Frequency Response	\$0.000377 per kWh
Spinning Reserve Service	\$0.001024 per kWh
Supplemental Reserve Service	\$0.000167 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Fuel and Purchased Power

	Summer (May – October)	Winter (November - April)
On-Peak	\$0.056123	\$0.038809
Shoulder-Peak	\$0.056123	N/A
Off-Peak	\$0.023623	\$0.018809

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

Filed By: Raymond S. Heyman
 Title: Senior Vice President, General Counsel
 District: Entire Electric Service Area

Tariff No.: GS-76F (FROZEN)
 Effective: PENDING
 Page No.: 3 of 4



Pricing Plan GS-76F (FROZEN) General Service Time-of-Use

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: GS-76F (FROZEN)
Effective: PENDING
Page No.: 4 of 4



Pricing Plan GS-76N General Service Time-of-Use

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To all general power and lighting service unless otherwise addressed by specific rate schedules, when all energy is supplied at one point of delivery and through one metered service. Not applicable to resale, breakdown, standby, or auxiliary service.

Service under this pricing plan will commence when the appropriate meter has been installed.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill	\$ 9.00 per month
Customer Charge, Three Phase service and minimum bill	\$15.00 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

SUMMER (May – October)	On-Peak	Shoulder-Peak	Off-Peak
First 500 kWh	\$0.153751	\$0.041416	\$0.027416
Over 500 kWh	\$0.182660	\$0.070325	\$0.056325

The Summer periods below apply to all summer days:

On-Peak is 2:00 p.m. to 6:00 p.m.

Shoulder-Peak is 12:00 p.m. (noon) to 2:00 p.m. and 6:00 p.m. to 8:00 p.m.

Off-Peak is 12:00 a.m. (midnight) to 12 p.m. (noon) and 8:00 p.m. to 12:00 a.m. (midnight)

Delivery Charge

WINTER (November – April)	On-Peak	Off-Peak
First 500 kWh	\$0.088434	\$0.027415
Over 500 kWh	\$0.117327	\$0.056308

The Winter periods below apply to all winter days:

On-Peak is 6:00 a.m. to 10:00 a.m. and 5:00 p.m. to 9:00 p.m.

Shoulder-Peak: there are no shoulder peak periods in the winter.

Off-Peak is 12:00 a.m. (midnight) to 6:00 a.m., 10:00 a.m. to 5:00 p.m., and 9:00 p.m. to 12:00 a.m. (midnight)

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: GS-76N
Effective: PENDING
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Pricing Plan GS-76N General Service Time-of-Use

Calculation of Tiered (Block) Usage by TOU Period:

Step 1: Calculate percent usage by TOU period.

Step 2: Calculate the kWh usage by tier (block).

Step 3: Multiply percent usage by TOU period by kWh usage by tier to obtain tiered usage by TOU period.

Example: A customer using 2,000 kWh in a month, with 20% peak usage, 25% shoulder usage, and 55% off-peak usage will have 100 kWh in peak 1st tier, 300 kWh in peak 2nd tier, 125 kWh in shoulder 1st tier, 375 kWh in shoulder 2nd tier, 275 kWh in off-peak 1st tier, and 825 kWh in off-peak 2nd tier.

Fuel and Purchased Power:

Summer On-Peak	\$0.052000 per kWh
Summer Shoulder-Peak	\$0.032000 per kWh
Summer Off-Peak	\$0.022000 per kWh

Winter On-Peak	\$0.032000 per kWh
Winter Off-Peak	\$0.022000 per kWh

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

ADJUSTMENT FOR TRANSFORMER OWNERSHIP AND METERING

- (a) When Company owns transformers and energy is metered on primary side of transformers, the demand shall be metered and the above schedule subject to a discount of 10.3¢ per kW per month of the billing demand each month.
- (b) When Customer owns transformers and energy is metered on primary side of transformers, the demand shall be metered and the above schedule subject to a discount of 20.6¢ per kW per month of the billing demand each month.
- (c) When Customer owns transformers and, at Company's option, energy is metered on secondary side of transformers, the demand shall be metered and the above schedule subject to a discount of 10.3¢ per kW per month of the billing demand each month.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$2.12 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.23 per month
Customer Delivery	\$2.85 per month

Note: Additional meter service charge of \$6.00 per month for Three Phase Service.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: GS-76N
Effective: PENDING
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Pricing Plan GS-76N General Service Time-of-Use

Energy Charges (kWh):

Delivery Charge

DELIVERY SUMMER (May – October)	On-Peak	Shoulder-Peak	Off-Peak
First 500 kWh	\$0.055317	\$0.007982	\$0.003982
Over 500 kWh	\$0.084226	\$0.036891	\$0.032891

DELIVERY WINTER (November – April)	On-Peak	Off-Peak
First 500 kWh	\$0.020000	\$0.003981
Over 500 kWh	\$0.048893	\$0.032874

Generation Capacity

Summer On-Peak	\$0.085343 per kWh
Summer Shoulder-Peak	\$0.020343 per kWh
Summer Off-Peak	\$0.010343 per kWh
Winter On-Peak	\$0.055343 per kWh
Winter Off-Peak	\$0.010343 per kWh

Fixed Must-Run (See Must-Run Generation – Rider No. 2)	\$0.003293 per kWh
System Benefits	\$0.000443 per kWh

Transmission	\$0.007298 per kWh
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Transmission Ancillary Services:

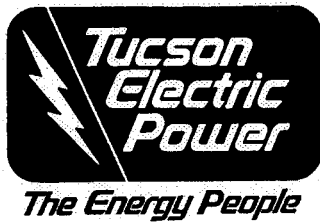
System Control & Dispatch	\$0.000099 per kWh
Reactive Supply and Voltage Control	\$0.000390 per kWh
Regulation and Frequency Response	\$0.000377 per kWh
Spinning Reserve Service	\$0.001024 per kWh
Supplemental Reserve Service	\$0.000167 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Fuel and Purchased Power

Summer On-Peak	\$0.052000 per kWh
Summer Shoulder-Peak	\$0.032000 per kWh
Summer Off-Peak	\$0.022000 per kWh
Winter On-Peak	\$0.032000 per kWh
Winter Off-Peak	\$0.022000 per kWh

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: GS-76N
Effective: PENDING
Page No.: 3 of 4



Pricing Plan GS-76N General Service Time-of-Use

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: GS-76N
Effective: PENDING
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Pricing Plan GS-31 Interruptible Agricultural Pumping

AVAILABILITY

Available for interruptible service to agricultural pumping customers throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

Applicable to separately metered interruptible agricultural water pumping service for irrigation purposes of the Customer only.

Not applicable to resale, breakdown, standby, auxiliary, or any other service except agricultural pumping in accordance with the provisions of this pricing plan.

CHARACTER OF SERVICE

Three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan.

BUNDLED STANDARD OFFER SERVICE

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge	
Summer (May – October)	\$0.025700 per kWh
Winter (November – April)	\$0.024205 per kWh
Fuel and Purchased Power	\$0.028730 per kWh

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

DETERMINATION OF HORSEPOWER FOR BILLING

Horsepower connected shall be the manufacturer's nameplate rating of all equipment of Customer connected for service under this schedule, but not less than 60 hp.

MINIMUM BILL

The Customer guarantees that its load shall be sufficient such that a summation of all the above payments shall be not less than \$30.00 per hp connected per contract year (which shall be from April 1 to March 31 of the following year) and in no event less than \$1,800.00 per contract year. Minimum payments at the rate of \$2.50 per hp of motors connected, but not less than \$150.00 shall be made monthly.

If during the contract year the total payments exceed the annual guarantee of \$30.00 per hp connected but not less than \$1,800.00, then the Customer shall be credited the difference between the amount actually paid during the contract year and the amount which would have been paid had the monthly minimum charge not been applied.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: GS-31
Effective: PENDING
Page No.: 1 of 3



Pricing Plan GS-31 Interruptible Agricultural Pumping

TERMS AND CONDITIONS OF SERVICE

1. Customer must furnish, install, own, and maintain at each point of delivery all necessary Company approved equipment which will enable the Company to interrupt service with its master control station.
2. Service may be interrupted by Company during certain periods of the day not exceeding six hours in any 24-hour period.
3. Company will endeavor to give customer one hour notice of impending interruption; however, service may be interrupted without notice should Company deem such action necessary.
4. Where service other than agricultural pumping to which this rate is applicable has been taken hereunder, the general service rate shall be applied on a monthly basis to all usage billed hereunder during the previous twelve months less the aggregate of payments made hereunder for the same period of time. The general service rate shall continue to apply until the unauthorized service is permanently separated from the agricultural pumping service.
5. Company shall not be liable for any loss or damage caused by or resulting from any interruption of service.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.)

Delivery (Summer & Winter):	(\$0.016447) per kWh
Generation Capacity	
Summer	\$0.029056 per kWh
Winter	\$0.027561 per kWh
Fixed Must-Run	\$0.003293 per kWh
System Benefits	\$0.000443 per kWh
Transmission	\$0.007298 per kWh
Transmission Ancillary Services	
System Control & Dispatch	\$0.000099 per kWh
Reactive Supply and Voltage Control	\$0.000390 per kWh
Regulation and Frequency Response	\$0.000377 per kWh
Spinning Reserve Service	\$0.001024 per kWh
Supplemental Reserve Service	\$0.000167 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	
Fuel and Purchased Power	\$0.028730 per kWh

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: GS-31
Effective: PENDING
Page No.: 2 of 3



Pricing Plan GS-31 Interruptible Agricultural Pumping

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: GS-31
Effective: PENDING
Page No.: 3 of 3



Pricing Plan GS-11F (FROZEN) Mobile Home Park Electric Service

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To mobile home parks for service through a master meter to two or more mobile homes, provided each mobile home served through such master meter will be individually metered and billed by the park operator in accordance with applicable Orders of the Arizona Corporation Commission. Electric service to the park's facilities used by its residents may be supplied under this schedule only if such facilities are served through a master meter which serves two or more mobile homes.

Not applicable to resale, breakdown, standby, or auxiliary service.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

RATE

A monthly net bill at the following rate, plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service	\$ 8.00 per month
Customer Charge, Three Phase service	\$14.00 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge	
Summer (May - October, all kWh)	\$0.067290 per kWh
Winter (November - April), all kWh	\$0.052751 per kWh
Fuel and Purchased Power	\$0.028730 per kWh

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

ADJUSTMENT FOR TRANSFORMER OWNERSHIP AND METERING

- (a) When Company owns transformers and energy is metered on primary side of transformers, the demand shall be metered and the above schedule subject to a discount of 10.3¢ per kW per month of the demand each month.
- (b) When Customer owns transformers and energy is metered on primary side of transformers, the demand shall be metered and the above schedule subject to a discount of 20.6¢ per kW per month of the demand each month.
- (c) When Customer owns transformers and, at Company's option, energy is metered on secondary side of transformers, the demand shall be metered and the above schedule subject to a discount of 10.3¢ per kW per month of the demand each month.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: GS-11F (FROZEN)
Effective: PENDING
Page No.: 1 of 3



Pricing Plan GS-11F (FROZEN)
Mobile Home Park Electric Service

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$2.12 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.23 per month
Customer Delivery	\$1.85 per month
Note: Additional meter service charge of \$6.00 per month for Three Phase Service.	

Energy Charges (kWh):

Delivery Charge (Summer & Winter)	\$0.017431 per kWh
Generation Capacity	
Summer	\$0.036768 per kWh
Winter	\$0.022229 per kWh
Fixed Must-Run	\$0.003293 per kWh
System Benefits	\$0.000443 per kWh
Transmission	\$0.007298 per kWh
Transmission Ancillary Services	
System Control & Dispatch	\$0.000099 per kWh
Reactive Supply and Voltage Control	\$0.000390 per kWh
Regulation and Frequency Response	\$0.000377 per kWh
Spinning Reserve Service	\$0.001024 per kWh
Supplemental Reserve Service	\$0.000167 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	
Fuel and Purchased Power	\$0.028730 per kWh

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: GS-11F (FROZEN)
Effective: PENDING
Page No.: 2 of 3



**Pricing Plan GS-11F (FROZEN)
Mobile Home Park Electric Service**

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: GS-11F (FROZEN)
Effective: PENDING
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Pricing Plan LGS-13 Large General Service

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To all general power and lighting service on an optional basis when all energy is supplied at one point of delivery and through one metered service. Customer shall contract for a demand of not less than 200 kW.

Not applicable to resale, breakdown, standby, or auxiliary service.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge and minimum bill	\$371.88 per month
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Demand Charge	\$ 10.352 per kW
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Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge	
Summer	\$0.025656
Winter	\$0.023910

Fuel & Purchased Power	
Summer	\$0.032554
Winter	\$0.025054

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

BILLING DEMAND

The maximum 15 minute measured demand in the month, but not less than 50% of the maximum demand used for billing purposes in the preceding 11 months, nor less than the contract demand, nor less than 200 kW.

ADJUSTMENT FOR TRANSFORMER OWNERSHIP AND METERING

- (a) When Company owns transformers and energy is metered on primary side of transformers, the demand shall be metered and the above schedule subject to a discount of 10.3¢ per kW per month of the billing demand each month.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

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Pricing Plan LGS-13 Large General Service

- (b) When Customer owns transformers and energy is metered on primary side of transformers, the demand shall be metered and the above schedule subject to a discount of 20.6¢ per kW per month of the billing demand each month.
- (c) When Customer owns transformers and, at Company's option, energy is metered on secondary side of transformers, the demand shall be metered and the above schedule subject to a discount of 10.3¢ per kW per month of the billing demand each month.

The Company may require a written contract and a minimum term of contract.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$223.138 per month
Meter Reading	\$ 18.594 per month
Billing & Collection	\$111.564 per month
Customer Delivery	\$ 18.594 per month

Demand Charge (kW):

Generation Capacity	\$6.911 per kW
Transmission	\$2.685 per kW
Transmission Ancillary Services	
System Control & Dispatch	\$0.036 per kW
Reactive Supply and Voltage Control	\$0.143 per kW
Regulation and Frequency Response	\$0.139 per kW
Spinning Reserve Service	\$0.377 per kW
Supplemental Reserve Service	\$0.061 per kW
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Energy Charges (kWh):

Delivery Charge	
Summer	\$0.012397 per kWh
Winter	\$0.010651 per kWh
Generation Capacity	\$0.009523 per kWh
Fixed Must-Run	\$0.003293 per kWh
System Benefits	\$0.000443 per kWh
Fuel & Purchased Power Charge	
Summer	\$0.032554 per kWh
Winter	\$0.025054 per kWh

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

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Effective: PENDING
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Pricing Plan LGS-13 Large General Service

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LGS-13
Effective: PENDING
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Pricing Plan LGS-85AF (FROZEN) Large General Service Time-of-Use

AVAILABILITY

This pricing plan is frozen to new subscription. Existing customers on LGS-85AF who move can remain on LGS-85AF or choose from any available non-frozen pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

APPLICABILITY

To all general power and lighting service on an optional basis when all energy is supplied at one point of delivery and through one metered service. Customer shall contract for a demand of not less than 200 kW.

Not applicable to resale, breakdown, standby, or auxiliary service.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering shall be required for new installations with service requirements in excess of 2,500 kW.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge and minimum bill	\$371.88 per month
Demand Charges (includes Generation Capacity):	
Summer On-peak kW	\$7.950 per kW
Summer Shoulder-peak demand in excess of 150% of the On-peak demand	\$5.258 per kW
Summer Off-peak demand in excess of 150% of the On-peak demand	\$3.975 per kW
Winter On-peak demand	\$5.258 per kW
Winter Off-peak demand in excess of 150% of the On-peak demand	\$2.629 per kW

Excess shoulder demand is defined as that positive amount (if any) by which shoulder demand exceeds 150% of on-peak period demand.

Excess off-peak demand is defined as:

- I. that positive amount by which off-peak period demand exceeds shoulder period demand (when and if shoulder period demand is greater than 150% of the on-peak period demand and off-peak period demand exceeds shoulder period demand), or;
- II. that positive amount by which off-peak period demand exceeds 150% of the on-peak period demand (when and if shoulder period demand is less than 150% of the on-peak period demand and off-peak period demand exceeds 150% of the on-peak period demand), or;
- III. zero when the above conditions in I are not met and the above conditions in II are not met.

In the event that excess shoulder and/or excess off-peak demand occur, excess shoulder demand shall be billed at the shoulder price and excess off-peak demand shall be billed at the off-peak price.

Any shoulder consumption remaining from October usage shall be billed at the summer shoulder price in following billing months.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LGS-85AF (FROZEN)
Effective: PENDING
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Pricing Plan LGS-85AF (FROZEN) Large General Service Time-of-Use

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.053290	\$0.044980
Shoulder-Peak	\$0.044980	N/A
Off-Peak	\$0.036667	\$0.028356

Fuel and Purchased Power

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.056452	\$0.039341
Shoulder-Peak	\$0.056452	N/A
Off-Peak	\$0.023952	\$0.019341

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

The summer On-Peak period is 1:00 p.m. to 6:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The summer Shoulder period is 6:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The winter On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

BILLING DEMAND

The maximum 60-minute measured demand in the month, but not less than 50% of the maximum on-peak demand used for billing purposes in the preceding 11 months, nor less than 50% of the contract demand, nor less than 200 kW.

ADJUSTMENT FOR TRANSFORMER OWNERSHIP AND METERING

- (a) When Company owns transformers and energy is metered on primary side of transformers, the demand shall be metered and the above Schedule subject to a discount of 10.3¢ per kW per month of the billing demand each month.
- (b) When Customer owns transformers and energy is metered on primary side of transformers, the demand shall be metered and the above Schedule subject to a discount of 20.6¢ per kW per month of the billing demand each month.
- (c) When Customer owns transformers and, at Company's option, energy is metered on secondary side of transformers, the demand shall be metered and the above Schedule subject to a discount of 10.3¢ per kW per month of the billing demand each month.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LGS-85AF (FROZEN)
Effective: PENDING
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Pricing Plan LGS-85AF (FROZEN) Large General Service Time-of-Use

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$223.128 per month
Meter Reading	\$ 18.594 per month
Billing & Collection	\$111.564 per month
Customer Delivery	\$ 18.594 per month

Demand Charges (kW):

Generation Capacity Charges

Summer On-peak kW	\$7.950 per kW
Summer Shoulder-peak demand in excess of 150% of the On-peak demand	\$5.258 per kW
Summer Off-peak demand in excess of 150% of the On-peak demand	\$3.975 per kW

Winter On-peak demand	\$5.258 per kW
Winter Off-peak demand in excess of 150% of the On-peak demand	\$2.629 per kW

Energy Charges (kWh):

Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.016035	\$0.11880
Shoulder-Peak	\$0.011880	N/A
Off-Peak	\$0.007723	\$0.003568

Generation Capacity Charge

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.024164	\$0.020009
Shoulder-Peak	\$0.020009	N/A
Off-Peak	\$0.015853	\$0.011697

Fixed Must-Run	\$0.003293 per kWh
System Benefits	\$0.000443 per kWh

Transmission	\$0.007298 per kWh
Transmission Ancillary Services	

System Control & Dispatch	\$0.000099 per kWh
Reactive Supply and Voltage Control	\$0.000390 per kWh
Regulation and Frequency Response	\$0.000377 per kWh
Spinning Reserve Service	\$0.001024 per kWh
Supplemental Reserve Service	\$0.000167 per kWh
Energy Imbalance Service:	currently charged pursuant to the Company's OATT.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LGS-85AF (FROZEN)
Effective: PENDING
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Pricing Plan LGS-85AF (FROZEN) Large General Service Time-of-Use

Fuel and Purchased Power

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.056452	\$0.039341
Shoulder-Peak	\$0.056452	N/A
Off-Peak	\$0.023952	\$0.019341

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LGS-85AF (FROZEN)
Effective: PENDING
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Pricing Plan LGS-85F - FROZEN Large General Service Time-of-Use

AVAILABILITY

This pricing plan is frozen to new subscription. Existing customers on LGS-85F who move can remain on LGS-85F or choose from any available non-frozen pricing plan.

APPLICABILITY

This pricing plan is frozen to existing customers at existing sites or delivery points. New customers, including current customers who move, are not eligible for service under this pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

To all general power and lighting service on an optional basis when all energy is supplied at one point of delivery and through one metered service. Customer shall contract for a demand of not less than 200 kW.

Not applicable to resale, breakdown, standby, or auxiliary service.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering shall be required for new installations with service requirements in excess of 2,500 kW.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge	\$371.88 per month
Demand Charges (includes Generation Capacity):	
Summer On-peak demand	\$17.320 per kW
Summer Shoulder-peak demand in excess of 150% of the On-peak demand	\$8.660 per kW
Summer Off-peak demand in excess of 150% of the On-peak demand	\$11.455 per kW
Winter On-peak demand	\$9.646 per kW
Winter Off-peak demand in excess of 150% of the On-peak demand	\$4.823 per kW

Excess shoulder demand is defined as that positive amount (if any) by which shoulder demand exceeds 150% of on-peak period demand.

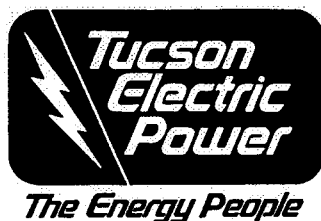
Excess off-peak demand is defined as:

- I. that positive amount by which off-peak period demand exceeds shoulder period demand (when and if shoulder period demand is greater than 150% of the on-peak period demand and off-peak period demand exceeds shoulder period demand), or;
- II. that positive amount by which off-peak period demand exceeds 150% of the on-peak period demand (when and if shoulder period demand is less than 150% of the on-peak period demand and off-peak period demand exceeds 150% of the on-peak period demand), or;
- III. zero when the above conditions in I are not met and the above conditions in II are not met.

In the event that excess shoulder and/or excess off-peak demand occur, excess shoulder demand shall be billed at the shoulder price and excess off-peak demand shall be billed at the off-peak price.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LGS-85F - FROZEN
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Pricing Plan LGS-85F - FROZEN Large General Service Time-of-Use

Any shoulder consumption remaining from October usage shall be billed at the summer shoulder price in following billing months.

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.083765	\$0.053910
Shoulder-Peak	\$0.053910	N/A
Off-Peak	\$0.005693	\$0.005693

Fuel and Purchased Power

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.056452	\$0.039341
Shoulder-Peak	\$0.056452	N/A
Off-Peak	\$0.023952	\$0.019341

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

The summer On-Peak period is 1:00 p.m. to 6:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The summer Shoulder period is 6:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The winter On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

BILLING DEMAND

The maximum 60-minute measured demand in the month, but not less than 50% of the maximum on-peak demand used for billing purposes in the preceding 11 months, nor less than 50% of the contract demand, nor less than 200 kW.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$223.128 per month
Meter Reading	\$ 18.594 per month
Billing & Collection	\$111.564 per month
Customer Delivery	\$ 18.594 per month

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LGS-85F - FROZEN
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Pricing Plan LGS-85F - FROZEN Large General Service Time-of-Use

Demand Charges (kW):

Generation Capacity Charges (kW)

Summer On-peak demand	\$17.320 per kW
Summer Shoulder-peak demand in excess of 150% of the On-peak demand	\$8.660 per kW
Summer Off-peak demand in excess of 150% of the On-peak demand	\$11.455 per kW
Winter On-peak demand	\$9.646 per kW
Winter Off-peak demand in excess of 150% of the On-peak demand	\$4.823 per kW

Energy Charges (kWh):

((NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.))

Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.069674	\$0.039819
Shoulder-Peak	\$0.039819	N/A
Off-Peak	(\$0.008398)	(\$0.008398)

Generation Capacity Charge

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.001000	\$0.001000
Shoulder-Peak	\$0.001000	N/A
Off-Peak	\$0.001000	\$0.001000

Fixed Must-Run	\$0.003293 per kWh
System Benefits	\$0.000443 per kWh

Transmission	\$0.007298 per kWh
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Transmission Ancillary Services

System Control & Dispatch	\$0.000099 per kWh
Reactive Supply and Voltage Control	\$0.000390 per kWh
Regulation and Frequency Response	\$0.000377 per kWh
Spinning Reserve Service	\$0.001024 per kWh
Supplemental Reserve Service	\$0.000167 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Filed By: Raymond S. Heyman
 Title: Senior Vice President, General Counsel
 District: Entire Electric Service Area

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 Effective: PENDING
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Pricing Plan LGS-85F - FROZEN Large General Service Time-of-Use

Fuel and Purchased Power

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.056452	\$0.039341
Shoulder-Peak	\$0.056452	N/A
Off-Peak	\$0.023952	\$0.019341

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LGS-85F - FROZEN
Effective: PENDING
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Pricing Plan LGS-85N Large General Service Time-of-Use

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To all general power and lighting service unless otherwise addressed by specific rate schedules, when all energy is supplied at one point of delivery and through one metered service. Not applicable to resale, breakdown, standby, or auxiliary service.

Service under this pricing plan will commence when the appropriate meter has been installed.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge and minimum bill \$371.88 per month

Demand Charges (includes Generation Capacity):

Summer On-peak \$11.869 per kW

Summer Off-peak \$ 8.239 per kW

(applies to all off-peak demand bill determinates)

Winter On-peak \$ 8.908 per kW

Winter Off-peak Demand \$ 6.418 per kW

(applies to all off-peak demand bill determinates)

Note:

1. For demand billing, "on-peak demand" shall be based on demand measured during both peak and shoulder peak periods.
2. For demand billing, "off-peak demand" shall be based on demand measured during the off-peak periods.
3. Unlike Schedules LLP Rates 85A, 85F, 90A, 90F, and 90N, the demand charges above are NOT excess demand charges; they apply to all Off-Peak kW, not just Off-Peak kW in excess of 150% of Peak kW.

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.007500	\$0.002500
Shoulder-Peak	\$0.005000	N/A
Off-Peak	\$0.002500	\$0.000000

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LGS-85N
Effective: PENDING
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Pricing Plan LGS-85N Large General Service Time-of-Use

The Summer periods below apply on all days for consumption-based (kWh-based charges) charges.

On-Peak is 2:00 p.m. to 6:00 p.m.

Shoulder-Peak is 12:00 p.m. (noon) to 2:00 p.m. and 6:00 p.m. to 8:00 p.m. (included with On-Peak for demand-based (kW-based) charges).

Off-Peak is 12:00 a.m. (midnight) to 12:00 p.m. (noon) and 8:00 p.m. to 12:00 a.m. (midnight)

The Winter periods below apply on all days for consumption-based (kWh-based charges) charges.

On-Peak is 6:00 a.m. to 10:00 a.m. and 5:00 p.m. to 9:00 p.m.

Shoulder-Peak: there are no shoulder peak periods in the winter.

Off-Peak is 12:00 a.m. (midnight) to 6:00 a.m., 10:00 a.m. to 5:00 p.m., and 9:00 p.m. to 12:00 a.m. (midnight)

Fuel and Purchased Power

	Summer (May – October)	Winter (November - April)
On-Peak	\$0.059253	\$0.036088
Shoulder-Peak	\$0.033588	N/A
Off-Peak	\$0.025299	\$0.027799

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

SHOULDER CONSUMPTION (kWh) IN OCTOBER

Any shoulder consumption (kWh) remaining from October usage shall be billed at the summer shoulder price in following billing months.

BILLING DEMAND

For demand billing, on-peak demand shall be based on demand measured during both peak and shoulder peak periods.

The billing demand shall be specified in the contract, but shall not be less than 200 kW. Additionally, the On-Peak billing demand shall not be less than 50.00% of the maximum On-Peak billing demand in the preceding eleven months, unless otherwise specified in the contract.

PRIMARY SERVICE

The rates contained in this schedule reflect secondary service and shall be subject to a primary discount of 20.6 cents per kW per month (on the bundled rate, with the discount take from the unbundled kW delivery charge) on the billing demand each month.

POWER FACTOR ADJUSTMENT

The above rate is subject to a discount or a charge of 1.3¢ per kW of billing demand for each 1% the average monthly power factor is above or below 90% lagging to a maximum discount of 13.0¢ per kW of billing demand per month.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LGS-85N
Effective: PENDING
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Pricing Plan LGS-85N
Large General Service Time-of-Use

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$223.128 per month
Meter Reading	\$ 18.594 per month
Billing & Collection	\$111.564 per month
Customer Delivery	\$ 18.594 per month

Demand Charges (kW)

Generation Capacity	
Summer On-peak	\$ 5.530 per kW
Summer Off-peak	\$ 3.030 per kW
(applies to all off-peak demand bill determinates)	
Winter On-peak	\$ 4.530 per kW
Winter Off-peak Demand	\$ 2.030 per kW
(applies to all off-peak demand bill determinates)	

Delivery Charge

Summer On-peak	\$ 3.561 per kW
Summer Off-peak	\$ 2.873 per kW
(applies to all off-peak demand bill determinates)	
Winter On-peak	\$ 2.351 per kW
Winter Off-peak Demand	\$ 2.363 per kW
(applies to all off-peak demand bill determinates)	

Fixed Must Run

Summer & Winter; On-peak	\$ 0.315 per kW
Summer & Winter; Off-peak	\$ 0.314 per kW
(applies to all off-peak demand bill determinates)	

System Benefits

Summer & Winter; On-peak	\$ 0.043 per kW
Summer & Winter; Off-peak	\$ 0.042 per kW
(applies to all off-peak demand bill determinates)	

Transmission

Summer On-peak Demand	\$ 1.887 per kW
Summer Off-peak Demand	\$ 1.544 per kW
Winter On-peak Demand	\$ 1.301 per kW
Winter Off-peak Demand	\$ 1.301 per kW

Transmission - Ancillary Services 1 System Control & Dispatch

Summer On-peak Demand	\$ 0.026 per kW
Summer Off-peak Demand	\$ 0.021 per kW

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LGS-85N
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Pricing Plan LGS-85N Large General Service Time-of-Use

Winter On-peak Demand	\$ 0.018 per kW
Winter Off-peak Demand	\$ 0.018 per kW
Transmission - Ancillary Services 2 Reactive Supply and Voltage Control	
Summer On-peak Demand	\$ 0.101 per kW
Summer Off-peak Demand	\$ 0.083 per kW
Winter On-peak Demand	\$ 0.070 per kW
Winter Off-peak Demand	\$ 0.070 per kW
Transmission - Ancillary Services 3 Regulation and Frequency Response	
Summer On-peak Demand	\$ 0.098 per kW
Summer Off-peak Demand	\$ 0.080 per kW
Winter On-peak Demand	\$ 0.067 per kW
Winter Off-peak Demand	\$ 0.067 per kW
Transmission - Ancillary Services 4 Spinning Reserve Service	
Summer On-peak Demand	\$ 0.265 per kW
Summer Off-peak Demand	\$ 0.217 per kW
Winter On-peak Demand	\$ 0.183 per kW
Winter Off-peak Demand	\$ 0.183 per kW
Transmission - Ancillary Services 5 Supplemental Reserve Service	
Summer On-peak Demand	\$ 0.043 per kW
Summer Off-peak Demand	\$ 0.035 per kW
Winter On-peak Demand	\$ 0.030 per kW
Winter Off-peak Demand	\$ 0.030 per kW

Energy Imbalance Service: currently charged pursuant to the Company's OATT.

Energy Charges (kWh):

Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.007500	\$0.002500
Shoulder-Peak	\$0.005000	N/A
Off-Peak	\$0.002500	\$0.000000

Fixed Must Run and Systems Benefits charges are recovered under demand components above.

Filed By: Raymond S. Heyman
 Title: Senior Vice President, General Counsel
 District: Entire Electric Service Area

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Pricing Plan LGS-85N Large General Service Time-of-Use

Fuel and Purchased Power

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.059253	\$0.036088
Shoulder-Peak	\$0.033588	N/A
Off-Peak	\$0.025299	\$0.027799

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

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Pricing Plan LLP-14 Large Light and Power Service

AVAILABILITY

Rate No. 14 shall be available for any Customer within the service territory of the Company if the Company has facilities of adequate capacity and a written contract, covering such matters as the Company and Customer shall deem appropriate.

CHARACTER OF SERVICE

Service shall be three phase, 60 Hertz, Primary Service, and shall be supplied directly from any 46,000 volt, or higher voltage, system at a delivery voltage of not less than 13,000 volts and delivered at a single point of delivery unless otherwise specified in the contract.

PRICE SCHEDULE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge and minimum bill	\$500.00 per month
Demand Charge (Includes Generation Capacity):	\$16.155 per kW of Billing Demand per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge	\$0.000433 per kWh
Fuel & Purchase Power	
Summer, all kWhs	\$0.032577 per kWh
Winter, all kWhs	\$0.025077 per kWh

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

BILLING DEMAND

The billing demand shall be specified in the contract, but shall not be less than 3,000 kW. Additionally, the On-Peak billing demand shall not be less than 66.7% of the maximum On-Peak billing demand in the preceding eleven (11) months, unless otherwise specified in the contract.

PRIMARY SERVICE

The above rate is subject to Primary Service and Metering. The Customer will provide the entire distribution system (including transformers) from the point of delivery to the load. The energy and demand shall be metered on primary side of transformers

POWER FACTOR ADJUSTMENT

The above rate is subject to a discount or a charge of 1.3¢ per kW of billing demand for each 1% the average monthly power factor is above or below 90% lagging to a maximum discount of 13.0¢ per kW of billing demand per month.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

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Effective: PENDING
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Pricing Plan LLP-14 Large Light and Power Service

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$300.00 per month
Meter Reading	\$025.00 per month
Billing & Collection	\$150.00 per month
Customer Delivery	\$025.00 per month

Demand Charges (kW):

Generation Capacity	\$10.898 per kW per month
Fixed Must-Run	\$01.582 per kW per month
Transmission	\$02.868 per kW per month
Transmission Ancillary Services	
System Control & Dispatch	\$0.039 per kW per month
Reactive Supply and Voltage Control	\$0.153 per kW per month
Regulation and Frequency Response	\$0.148 per kW per month
Spinning Reserve Service	\$0.402 per kW per month
Supplemental Reserve Service	\$0.065 per kW per month
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Energy Charges (kWh):

System Benefits	\$0.000433 per kWh
Fuel and Purchased Power:	
Summer	\$0.032577 per kWh
Winter	\$0.025077 per kWh

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LLP-14
Effective: PENDING
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Pricing Plan LLP-14 Large Light and Power Service

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LLP-14
Effective: PENDING
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Pricing Plan LLP-90AF (FROZEN) Large Light and Power Service Time-of-Use

AVAILABILITY

This pricing plan is frozen to new subscription. Existing customers on LLP-90AF who move can remain on LLP-90AF or choose from any available non-frozen pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

CHARACTER OF SERVICE

Service shall be three phase, 60 Hertz, and shall be supplied directly from any 46,000 volt, or higher voltage, system through distribution facilities used exclusively to serve Pricing Plan LLP-90AF – Frozen to customers at a delivery voltage of not less than 2400/4160 volts and delivered at a single point of delivery unless otherwise specified in the contract.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge and minimum bill \$500.00 per month

Demand Charges (includes Generation Capacity):

Summer On-peak demand	\$25.581 per kW
Summer Shoulder-peak demand in excess of 150% of the On-peak demand	\$18.081 per kW
Summer Off-peak demand in excess of 150% of the On-peak demand	\$10.581 per kW
Winter On-peak demand	\$21.581 per kW
Winter Off-peak demand in excess of 150% of the On-peak demand	\$10.581 per kW

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge \$.006203 per kWh

Fuel and Purchased Power

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.052983	\$0.035623
Shoulder-Peak	\$0.052983	N/A
Off-Peak	\$0.020483	\$0.015623

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

The summer On-Peak period is 1:00 p.m. to 6:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The summer Shoulder period is 6:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The winter On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LLP-90AF (FROZEN)
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Pricing Plan LLP-90AF (FROZEN) Large Light and Power Service Time-of-Use

Excess shoulder demand is defined as that positive amount (if any) by which shoulder demand exceeds 150% of on-peak period demand.

Excess off-peak demand is defined as:

- I. that positive amount by which off-peak period demand exceeds shoulder period demand (when and if shoulder period demand is greater than 150% of the on-peak period demand and off-peak period demand exceeds shoulder period demand), or;
- II. that positive amount by which off-peak period demand exceeds 150% of the on-peak period demand (when and if shoulder period demand is less than 150% of the on-peak period demand and off-peak period demand exceeds 150% of the on-peak period demand), or;
- III. zero when the above conditions in I are not met and the above conditions in II are not met.

In the event that excess shoulder and/or excess off-peak demand occur, excess shoulder demand shall be billed at the shoulder price and excess off-peak demand shall be billed at the off-peak price.

Any shoulder consumption remaining from October usage shall be billed at the summer shoulder price in following billing months.

BILLING DEMAND

The billing demand shall be specified in the contract, but shall not be less than 3,000 kW. Additionally, the On-Peak billing demand shall not be less than 66.67% of the maximum On-Peak billing demand in the preceding eleven (11) months, unless otherwise specified in the contract.

PRIMARY SERVICE

The above rate is subject to Primary Service and Metering. The Customer will provide the entire distribution system (including transformers) from the point of delivery to the load. The energy and demand shall be metered on primary side of transformers.

POWER FACTOR ADJUSTMENT

The above rate is subject to a discount or a charge of 1.3¢ per kW of billing demand for each 1% the average monthly power factor is above or below 90% lagging to a maximum discount of 13.0¢ per kW of billing demand per month.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$300.00 per month
Meter Reading	\$ 25.00 per month
Billing & Collection	\$150.00 per month
Customer Delivery	\$ 25.00 per month

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Title: Senior Vice President, General Counsel
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Pricing Plan LLP-90AF (FROZEN) Large Light and Power Service Time-of-Use

Demand Charges (kW)

Generation Capacity Charges	
Summer On-peak demand	\$17.052 per kW
Summer Shoulder-peak demand in excess of 150% of the On-peak demand	\$ 9.552 per kW
Summer Off-peak demand in excess of 150% of the On-peak demand	\$ 2.052 per kW
Winter On-peak demand	\$13.052 per kW
Winter Off-peak demand in excess of 150% of the On-peak demand	\$ 2.052 per kW
Fixed Must-Run	\$2.565 per kW
Transmission	\$4.654 per kW
Transmission Ancillary Services	
System Control & Dispatch	\$0.063 per kW
Reactive Supply and Voltage Control	\$0.248 per kW
Regulation and Frequency Response	\$0.241 per kW
Spinning Reserve Service	\$0.652 per kW
Supplemental Reserve Service	\$0.106 per kW
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Energy Charges (kWh):

Delivery Charge	\$0.005770 per kWh
System Benefits	\$0.000433 per kWh

Fuel and Purchased Power

	Summer (May – October)	Winter (November - April)
On-Peak	\$0.052983	\$0.035623
Shoulder-Peak	\$0.052983	N/A
Off-Peak	\$0.020483	\$0.015623

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

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 Title: Senior Vice President, General Counsel
 District: Entire Electric Service Area

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Pricing Plan LLP-90AF (FROZEN)
Large Light and Power Service Time-of-Use

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

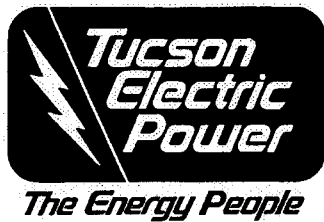
The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

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Pricing Plan LLP-90F (FROZEN) Large Light and Power Service Time-of-Use

AVAILABILITY

This pricing plan is frozen to new subscription. Existing customers on LLP-90F who move can remain on LLP-90F or choose from any available non-frozen pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

CHARACTER OF SERVICE

Service shall be three phase, 60 Hertz, and shall be supplied directly from any 46,000 volt, or higher voltage, system through distribution facilities used exclusively to serve Pricing Plan LLP-90F – Frozen to customers at a delivery voltage of not less than 2400/4160 volts and delivered at a single point of delivery unless otherwise specified in the contract.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge and minimum bill \$500.00 per month

Demand Charges (includes Generation Capacity):

Summer On-peak demand	\$25.702 per kW
Summer Shoulder-peak demand in excess of 150% of the On-peak demand	\$19.452 per kW
Summer Off-peak demand in excess of 150% of the On-peak demand	\$13.202 per kW
Winter On-peak demand	\$21.702 per kW
Winter Off-peak demand in excess of 150% of the On-peak demand	\$ 9.202 per kW

Excess shoulder demand is defined as that positive amount (if any) by which shoulder demand exceeds 150% of on-peak period demand.

Excess off-peak demand is defined as:

- I. that positive amount by which off-peak period demand exceeds shoulder period demand (when and if shoulder period demand is greater than 150% of the on-peak period demand and off-peak period demand exceeds shoulder period demand), or;
- II. that positive amount by which off-peak period demand exceeds 150% of the on-peak period demand (when and if shoulder period demand is less than 150% of the on-peak period demand and off-peak period demand exceeds 150% of the on-peak period demand), or;
- III. zero when the above conditions in I are not met and the above conditions in II are not met.

In the event that excess shoulder and/or excess off-peak demand occur, excess shoulder demand shall be billed at the shoulder price and excess off-peak demand shall be billed at the off-peak price.

Any shoulder consumption remaining from October usage shall be billed at the summer shoulder price in following billing months.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LLP-90F (FROZEN)
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Pricing Plan LLP-90F (FROZEN) Large Light and Power Service Time-of-Use

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

\$0.000433 per kWh

Fuel and Purchased Power

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.052983	\$0.035623
Shoulder-Peak	\$0.052983	N/A
Off-Peak	\$0.020483	\$0.015623

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

The summer On-Peak period is 1:00 p.m. to 6:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The summer Shoulder period is 6:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The winter On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

BILLING DEMAND

The billing demand shall be specified in the contract, but shall not be less than 3,000 kW. Additionally, the On-Peak billing demand shall not be less than 66.67% of the maximum On-Peak billing demand in the preceding eleven (11) months, unless otherwise specified in the contract.

PRIMARY SERVICE

The above rate is subject to Primary Service and Metering. The Customer will provide the entire distribution system (including transformers) from the point of delivery to the load. The energy and demand shall be metered on primary side of transformers.

POWER FACTOR ADJUSTMENT

The above rate is subject to a discount or a charge of 1.3¢ per kW of billing demand for each 1% the average monthly power factor is above or below 90% lagging to a maximum discount of 13.0¢ per kW of billing demand per month.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges

Meter Services	\$300.00 per month
Meter Reading	\$ 25.00 per month
Billing & Collection	\$150.00 per month
Customer Delivery	\$ 25.00 per month

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Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

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Pricing Plan LLP-90F (FROZEN) Large Light and Power Service Time-of-Use

Demand Charges (kW):

Generation Capacity Charges (kW)

Summer On-peak demand	\$18.562 per kW
Summer Shoulder-peak demand in excess of 150% of the On-peak demand	\$12.312 per kW
Summer Off-peak demand in excess of 150% of the On-peak demand	\$ 6.062 per kW

Winter On-peak demand	\$14.562 per kW
Winter Off-peak demand in excess of 150% of the On-peak demand	\$ 2.062 per kW

Fixed Must-Run \$2.147 per kW per month

Transmission \$3.895 per kW per month

Transmission Ancillary Services

System Control & Dispatch	\$0.053 per kW per month
Reactive Supply and Voltage Control	\$0.208 per kW per month
Regulation and Frequency Response	\$0.202 per kW per month
Spinning Reserve Service	\$0.546 per kW per month
Supplemental Reserve Service	\$0.089 per kW per month
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Energy Charges (kWh):

System Benefits \$0.000433 per kWh

Fuel and Purchased Power

	Summer (May – October)	Winter (November - April)
On-Peak	\$0.052983	\$0.035623
Shoulder-Peak	\$0.052983	N/A
Off-Peak	\$0.020483	\$0.015623

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

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Pricing Plan LLP-90F (FROZEN)
Large Light and Power Service Time-of-Use

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LLP-90F (FROZEN)
Effective: PENDING
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Pricing Plan LLP-90N Large Light and Power Service Time-of-Use

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

CHARACTER OF SERVICE

Service shall be three phase, 60 Hertz, Primary Service, and shall be supplied directly from any 46,000 volt, or higher voltage, system at a delivery voltage of not less than 13,800 volts and delivered at a single point of delivery unless otherwise specified in the contract.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge and minimum bill 500.00 per month

Demand Charges (includes Generation Capacity):

Summer On-peak	\$20.030 per kW
Summer Off-peak Excess Demand	\$10.030 per kW
Winter On-peak	\$15.030 per kW
Winter Off-peak Excess Demand	\$ 7.530 per kW

Note:

1. For demand billing, "on-peak demand" shall be based on demand measured during both peak and shoulder peak periods.
2. Excess off-peak demand is defined as that positive amount (if any) by which off-peak billing demand exceeds 150% of "on-peak demand" - where "on-peak demand" includes peak and shoulder peak periods.

Energy Charges: All energy charges below are charged on a per kWh basis

Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.001113	\$0.000723
Shoulder-Peak	\$0.001113	N/A
Off-Peak	\$0.000716	\$0.000521

Fuel and Purchased Power

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.041786	\$0.027126
Shoulder-Peak	\$0.041786	N/A
Off-Peak	\$0.026872	\$0.019542

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LLP-90N
Effective: PENDING
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Pricing Plan LLP-90N Large Light and Power Service Time-of-Use

The Summer periods below apply on all days for consumption-based (kWh-based charges) charges.

On-Peak is 2:00 p.m. to 6:00 p.m.

Shoulder-Peak is 12:00 p.m. (noon) to 2:00 p.m. and 6:00 p.m. to 8:00 p.m. (included with On-Peak for demand-based (kW-based) charges).

Off-Peak is 12:00 a.m. (midnight) to 12:00 p.m. (noon) and 8:00 p.m. to 12:00 a.m. (midnight)

The Winter periods below apply on all days for consumption-based (kWh-based charges) charges.

On-Peak is 6:00 a.m. to 10:00 a.m. and 5:00 p.m. to 9:00 p.m.

Shoulder-Peak: there are no shoulder peak periods in the winter.

Off-Peak is 12:00 a.m. (midnight) to 6:00 a.m., 10:00 a.m. to 5:00 p.m., and 9:00 p.m. to 12:00 a.m. (midnight)

SHOULDER CONSUMPTION (kWh) IN OCTOBER

Any shoulder consumption (kWh) remaining from October usage shall be billed at the summer shoulder price in following billing months.

BILLING DEMAND

For demand billing, on-peak demand shall be based on demand measured during both peak and shoulder peak periods.

The billing demand shall be specified in the contract, but shall not be less than 3,000 kW. Additionally, the On-Peak billing demand shall not be less than 50.00% of the maximum On-Peak billing demand in the preceding eleven months, unless otherwise specified in the contract.

Excess off-peak demand is defined as that positive amount (if any) by which off-peak billing demand exceeds 150% of on-peak period demand - where "on-peak" includes peak and shoulder peak periods. .

In the event that excess off-peak demand occurs, excess off-peak demand shall be billed at the off-peak excess demand price.

PRIMARY SERVICE

The above rate is subject to Primary Service and Metering. The Customer will provide the entire distribution system (including transformers) from the point of delivery to the load. The energy and demand shall be metered on primary side of transformers

POWER FACTOR ADJUSTMENT

The above rate is subject to a discount or a charge of 1.3¢ per kW of billing demand for each 1% the average monthly power factor is above or below 90% lagging to a maximum discount of 13.0¢ per kW of billing demand per month.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LLP-90N
Effective: PENDING
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Pricing Plan LLP-90N Large Light and Power Service Time-of-Use

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$300.00 per month
Meter Reading	\$ 25.00 per month
Billing & Collection	\$150.00 per month
Customer Delivery	\$ 25.00 per month

Demand Charges (kW):

Generation Capacity Charges	
Summer On-peak	\$13.977 per kW
Summer Off-peak Excess Demand	\$ 4.841 per kW
Winter On-peak	\$10.058 per kW
Winter Off-peak Excess Demand	\$ 3.422 per kW

Fixed Must Run Charges

Summer & Winter On-peak	\$ 1.728 per kW
Summer & Winter Off-peak Excess Demand	\$ 0.864 per kW

Transmission

Summer On-peak Demand & Off-peak Excess Demand	\$ 3.374 per kW
Winter On-peak Demand & Off-peak Excess Demand	\$ 2.531 per kW

Transmission - Ancillary Services 1 System Control & Dispatch

Summer On-peak Demand & Off-peak Excess Demand	\$ 0.046 per kW
Winter On-peak Demand & Off-peak Excess Demand	\$ 0.034 per kW

Transmission - Ancillary Services 2 Reactive Supply and Voltage Control

Summer On-peak Demand & Off-peak Excess Demand	\$ 0.180 per kW
Winter On-peak Demand & Off-peak Excess Demand	\$ 0.135 per kW

Transmission - Ancillary Services 3 Regulation and Frequency Response

Summer On-peak Demand & Off-peak Excess Demand	\$ 0.175 per kW
Winter On-peak Demand & Off-peak Excess Demand	\$ 0.131 per kW

Transmission - Ancillary Services 4 Spinning Reserve Service

Summer On-peak Demand & Off-peak Excess Demand	\$ 0.473 per kW
Winter On-peak Demand & Off-peak Excess Demand	\$ 0.355 per kW

Transmission - Ancillary Services 5 Supplemental Reserve Service

Summer On-peak Demand & Off-peak Excess Demand	\$ 0.077 per kW
Winter On-peak Demand & Off-peak Excess Demand	\$ 0.058 per kW

Energy Imbalance Service: currently charged pursuant to the Company's OATT.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LLP-90N
Effective: PENDING
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Pricing Plan LLP-90N Large Light and Power Service Time-of-Use

Energy Charges (kWh):

Delivery Charge

	Summer (May – October)	Winter (November - April)
On-Peak	\$0.000680	\$0.000290
Shoulder-Peak	\$0.000680	N/A
Off-Peak	\$0.000283	\$0.000088

System Benefits

\$0.000433 per kWh

Fuel and Purchased Power Charge

	Summer (May – October)	Winter (November - April)
On-Peak	\$0.041786	\$0.027126
Shoulder-Peak	\$0.041786	N/A
Off-Peak	\$0.026872	\$0.019542

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LLP-90N
Effective: PENDING
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Pricing Plan PS-41 Traffic Signal and Street Lighting Service

AVAILABILITY

Available for service to the State, a county, city, town, political subdivision, improvement district, or a responsible person or persons for unincorporated communities for Traffic Signal and Street Lighting purposes where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

Applicable to Customer owned and maintained traffic signals and public street and highway lighting.

Not applicable to resale, breakdown, standby, or auxiliary service.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery approved by the Company.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan.

BUNDLED STANDARD OFFER SERVICE

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge	\$0.045580 per kWh
Fuel and Purchased Power	\$0.025817 per kWh

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.)

Delivery Charge	(\$0.010747) per kWh
Generation Capacity	\$0.019338 per kWh
Fixed Must-Run (See Must-Run Generation – Rider No. 2)	\$0.002305 per kWh
System Benefits	\$0.000413 per kWh
Transmission	\$0.026736 per kWh

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: PS-41
Effective: PENDING
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Pricing Plan PS-41 Traffic Signal and Street Lighting Service

Transmission Ancillary Services	
System Control & Dispatch	\$0.000363 per kWh
Reactive Supply and Voltage Control	\$0.001427 per kWh
Regulation and Frequency Response	\$0.001383 per kWh
Spinning Reserve Service	\$0.003750 per kWh
Supplemental Reserve Service	\$0.000612 per kWh
Energy Imbalance Service:	currently charged pursuant to the Company's OATT.
Fuel and Purchased Power	\$0.025817 per kWh

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this pricing plan will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: PS-41
Effective: PENDING
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Pricing Plan PS-40 Municipal Service

AVAILABILITY

Available for Municipal Service where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

Applicable for service to the City of Tucson and City of South Tucson for Municipal buildings and grounds.

Not applicable to resale, breakdown, standby, or auxiliary service or to buildings used for residential purposes.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, at secondary voltage and subject to availability at point of delivery approved by the Company.

RATE

A monthly net bill at the following rate, plus any adjustments incorporated in this pricing plan.

BUNDLED STANDARD OFFER SERVICE

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge	
Summer (May – October)	\$0.057530 per kWh
Winter (November – April)	\$0.053159 per kWh
Fuel and Purchased Power:	
Summer	\$0.032245 per kWh
Winter	\$0.024745 per kWh

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Energy Charges (kWh):

Delivery Charge	\$0.016298 per kWh
Generation Capacity	
Summer	\$0.029653 per kWh
Winter	\$0.025283 per kWh
Fixed Must-Run	\$0.003289 per kWh
System Benefits	\$0.000434 per kWh
Transmission	\$0.006129 per kWh

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: PS-40
Effective: PENDING
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Pricing Plan PS-40 Municipal Service

Transmission Ancillary Services

System Control & Dispatch	\$0.000083 per kWh
Reactive Supply and Voltage Control	\$0.000327 per kWh
Regulation and Frequency Response	\$0.000317 per kWh
Spinning Reserve Service	\$0.000860 per kWh
Supplemental Reserve Service	\$0.000140 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Fuel and Purchased Power:

Summer	\$0.032245 per kWh
Winter	\$0.024745 per kWh

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: PS-40
Effective: PENDING
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Pricing Plan PS-43 Municipal Water Pumping Service

AVAILABILITY

Available for service to the City of Tucson Water Utility and private water Companies where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

Applicable for service to booster stations and wells used for domestic water supply.

Not applicable to resale, breakdown, standby, or auxiliary service.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as elected by Customer and subject to availability at point of delivery approved by the Company. Primary metering may be used by mutual agreement.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan.

BUNDLED STANDARD OFFER SERVICE

Energy Charges: All energy charges below are charged on a per kWh basis.

Firm Service

Delivery Charge

Summer (May – October)	\$0.060347 per kWh
Winter (November – April)	\$0.055731 per kWh

Interruptible Service

Delivery Charge

Summer (May – October)	\$0.027281 per kWh
Winter (November – April)	\$0.025911 per kWh

Fuel and Purchased Power for Firm and Interruptible Service:

Summer	\$0.029868 per kWh
Winter	\$0.022368 per kWh

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

PRIMARY VOLTAGE DISCOUNT

A discount of 5% will be allowed from the above rates where Customer owns the transformers and service is metered at primary voltage.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: PS-43
Effective: PENDING
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Pricing Plan PS-43
Municipal Water Pumping Service

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Energy Charges (kWh):

Firm Service

Delivery Charge \$0.000528 per kWh

Generation Capacity

Summer \$0.048240 per kWh

Winter \$0.043624 per kWh

Interruptible Service

Delivery Charge \$0.006054 per kWh

Generation Capacity (Interruptible Service)

Summer \$0.009648 per kWh

Winter \$0.008278 per kWh

Fixed Must-Run

\$0.003289 per kWh

System Benefits

\$0.000434 per kWh

Transmission

\$0.006129 per kWh

Transmission Ancillary Services

System Control & Dispatch \$0.000083 per kWh

Reactive Supply and Voltage Control \$0.000327 per kWh

Regulation and Frequency Response \$0.000317 per kWh

Spinning Reserve Service \$0.000860 per kWh

Supplemental Reserve Service \$0.000140 per kWh

Energy Imbalance Service: currently charged pursuant to the Company's OATT.

Fuel and Purchased Power for Firm and Interruptible Service:

Summer \$0.029868 per kWh

Winter \$0.022368 per kWh

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

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Effective: PENDING
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Pricing Plan PS-43 Municipal Water Pumping Service

TERMS AND CONDITIONS OF INTERRUPTIBLE SERVICE

1. Customer must furnish, install, own, and maintain at each point of delivery all necessary Company approved equipment which will enable the Company to interrupt service with its master control station.
2. Service may be interrupted by Company during certain periods of the day not exceeding six hours in any 24-hour period.
3. Company will endeavor to give Customer one hour notice of impending interruption; however, service may be interrupted without notice should Company deem such action necessary.
4. The interruptible load shall be separately served and metered and shall at no time be connected to facilities serving Customer's firm load. Conversely, the firm load shall be separately served and metered and shall at no time be connected to facilities serving Customer's interruptible load.
5. Company shall not be liable for any loss or damage caused by or resulting from any interruption of service.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: PS-43
Effective: PENDING
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Pricing Plan PS-50 Public Street Lighting Service

AVAILABILITY

Available for service for lighting public streets, alleys, thoroughfares, public parks, and playgrounds by use of Company's standard facilities where such service is contracted under this pricing plan by the state, a county, city, town, political subdivision, improvement district, or a responsible person or persons for unincorporated communities.

APPLICABILITY

Applicable to street lighting service from dusk to dawn and Company will own, operate, and maintain the street light system including lamps and globe replacements.

CHARACTER OF SERVICE

Multiple or series street lighting system at option of Company and at one standard nominal voltage.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan.

BUNDLED STANDARD OFFER SERVICE

Delivery Charge

Service	55OH, 55P, 55UG	70UG	100 Watt	250 Watt	400 Watt	Underground Service	Pole
per unit per month	\$7.390	\$7.390	\$7.390	\$11.092	\$17.110	\$14.014	\$2.582

Note:

The watt high pressure sodium lamps are charged per unit per month.

Per one pole addition and an extension of up to 100 feet of overhead service are charged per pole.

Underground Service is per 100 watt or less high pressure sodium lamp unit per month mounted on standard pole.

Fuel and Purchased Power

	55OH, 55P, 55UG	70UG	100 Watt	250 Watt	400 Watt	Underground Service	Pole
per unit per month	\$0.427	\$0.543	\$0.776	\$1.940	\$3.104	\$0.000	\$0.000

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

STANDARD LAMP UNITS, OVERHEAD SERVICE

- (1) The standard 100 watt lamp unit for overhead service is a 9,500 lumen high pressure sodium unit, mounted on a four foot mast arm and controlled by a photoelectric cell. This unit will be mounted on a pole approximately 25 feet above ground level.

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Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

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Pricing Plan PS-50 Public Street Lighting Service

- (2) The standard 250 watt lamp unit for overhead service is a 27,500 lumen high pressure sodium unit, mounted on an eight foot mast arm and controlled by a photoelectric cell. This unit will be mounted on a pole approximately 27 feet above ground level.
- (3) The standard 400 watt lamp unit for overhead service is a 50,000 lumen high pressure sodium unit, mounted on an eighteen foot mast arm and controlled by a photoelectric cell. This unit will be mounted on a pole approximately 35 feet above ground level.
- (4) The standard 100 watt lamp unit for underground service is a 9,500 lumen high pressure sodium post top unit mounted on a pole approximately 15 feet above ground level.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

	55OH, 55P, 55UG	70UG	100 Watt	250 Watt	400 Watt
Delivery Charge	\$6.458	\$6.204	\$5.697	\$6.860	\$10.337
Generation Capacity	\$0.320	\$0.407	\$0.581	\$1.453	\$2.325
Fixed Must-Run	\$0.038	\$0.048	\$0.069	\$0.173	\$0.277
System Benefits	\$0.007	\$0.009	\$0.120	\$0.031	\$0.050
Transmission	\$0.442	\$0.563	\$0.804	\$2.009	\$3.214
Transmission Ancillary					
System Control & Load Dispatch	\$0.006	\$0.008	\$0.011	\$0.027	\$0.044
Reactive Supply and Voltage Control	\$0.024	\$0.030	\$0.043	\$0.107	\$0.172
Regulation and Frequency Response	\$0.023	\$0.029	\$0.042	\$0.104	\$0.166
Spinning Reserve Service	\$0.062	\$0.079	\$0.113	\$0.282	\$0.451
Supplemental Reserve Service	\$0.010	\$0.013	\$0.018	\$0.046	\$0.074
Energy Imbalance Service: currently charged pursuant to the Company's OATT.					
Fuel and Purchased Power	\$0.427	\$0.543	\$0.776	\$1.940	\$3.104

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this pricing plan will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

SPECIAL PROVISIONS

- (1) Installation of a light on an existing pole is subject to prior approval of Company.
- (2) For underground service, where customer provides trenching up to 10 feet in accordance with Company's electric service requirements, customer shall be billed at the rates for overhead service.

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 Title: Senior Vice President, General Counsel
 District: Entire Electric Service Area

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 Effective: PENDING
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Pricing Plan PS-50 Public Street Lighting Service

- (3) Extensions beyond 100 feet and all installations other than those addressed in this pricing plan will require specific agreements providing adequate revenue or arrangements for construction financing.
- (4) The Customer is not authorized to make connections to this lighting circuit or to make attachments or alterations to the Company owned pole.
- (5) If a Customer requests a relocation of a lighting installation, the costs of such relocation must be borne by the Customer.
- (6) The Customer is expected to notify the Company when lamp outages occur.
- (7) The Company will use diligence in maintaining service; however, monthly bills will not be reduced because of lamp outages.
- (8) After the minimum contract period, if any, has expired, this agreement shall be extended from year to year unless written notice of desire to terminate is given by either party at least thirty (30) days prior to the end of any such annual extension date.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: PS-50
Effective: PENDING
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Pricing Plan GS-51 Private Street and Area Lighting Service

AVAILABILITY

At any point where the Company in its judgment has facilities of adequate capacity and suitable voltage available.

APPLICABILITY

To any Customer for private street or outdoor area lighting where this service can be supplied from existing facilities of the Company.

Service is from dusk to dawn and the Company will install, own, operate, and maintain the complete lighting installation including lamp replacements.

Not applicable to resale service.

CHARACTER OF SERVICE

Multiple or series street lighting system at option of Company and at one standard nominal voltage.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan.

BUNDLED STANDARD OFFER SERVICE

Delivery Charge

Service	55OH, 55P, 55UG	70UG	100 Watt	250 Watt	400 Watt	Underground Service	Pole
per unit per month	\$7.390	\$7.390	\$7.390	\$11.092	\$17.110	\$14.014	\$2.582

Note:

The watt high pressure sodium lamps are charged per unit per month.

Per one pole addition and an extension of up to 100 feet of overhead service are charged per pole.

Underground Service is per 100 watt or less high pressure sodium lamp unit per month mounted on standard pole.

Fuel and Purchased Power

	55OH, 55P, 55UG	70UG	100 Watt	250 Watt	400 Watt	Underground Service	Pole
per unit per month	\$0.427	\$0.543	\$0.776	\$1.940	\$3.104	\$0.000	\$0.000

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: GS-51
Effective: PENDING
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Pricing Plan GS-51 Private Street and Area Lighting Service

STANDARD LAMP UNITS, OVERHEAD SERVICE

- (1) The standard 100 watt lamp unit for overhead service is a 9,500 lumen high pressure sodium unit, mounted on a four foot mast arm and controlled by a photoelectric cell. This unit will be mounted on a pole approximately 25 feet above ground level.
- (2) The standard 250 watt lamp unit for overhead service is a 27,500 lumen high pressure sodium unit, mounted on an eight foot mast arm and controlled by a photoelectric cell. This unit will be mounted on a pole approximately 27 feet above ground level.
- (3) The standard 400 watt lamp unit for overhead service is a 50,000 lumen high pressure sodium unit, mounted on an eighteen foot mast arm and controlled by a photoelectric cell. This unit will be mounted on a pole approximately 35 feet above ground level.
- (4) The standard 100 watt lamp unit for underground service is a 9,500 lumen high pressure sodium post top unit mounted on a pole approximately 15 feet above ground level.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

	55OH, 55P, 55UG	70UG	100 Watt	250 Watt	400 Watt
Delivery Charge	\$6.458	\$6.204	\$5.697	\$6.860	\$10.337
Generation Capacity	\$0.320	\$0.407	\$0.581	\$1.453	\$2.325
Fixed Must-Run	\$0.038	\$0.048	\$0.069	\$0.173	\$0.277
System Benefits	\$0.007	\$0.009	\$0.120	\$0.031	\$0.050
Transmission	\$0.442	\$0.563	\$0.804	\$2.009	\$3.214
Transmission Ancillary					
System Control & Load Dispatch	\$0.006	\$0.008	\$0.011	\$0.027	\$0.044
Reactive Supply and Voltage Control	\$0.024	\$0.030	\$0.043	\$0.107	\$0.172
Regulation and Frequency Response	\$0.023	\$0.029	\$0.042	\$0.104	\$0.166
Spinning Reserve Service	\$0.062	\$0.079	\$0.113	\$0.282	\$0.451
Supplemental Reserve Service	\$0.010	\$0.013	\$0.018	\$0.046	\$0.074
Energy Imbalance Service: currently charged pursuant to the Company's OATT.					
Fuel and Purchased Power	\$0.427	\$0.543	\$0.776	\$1.940	\$3.104

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this pricing plan will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

Filed By: Raymond S. Heyman
 Title: Senior Vice President, General Counsel
 District: Entire Electric Service Area

Tariff No.: GS-51
 Effective: PENDING
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Pricing Plan GS-51 Private Street and Area Lighting Service

SPECIAL PROVISIONS

- (1) Installation of a light on an existing pole is subject to prior approval of Company.
- (2) For underground service, where customer provides trenching up to 10 feet in accordance with Company's electric service requirements customer shall be billed at the rates for overhead service.
- (3) Extensions beyond 100 feet and all installations other than those addressed in this pricing plan will require specific agreements providing adequate revenue or arrangements for construction financing.
- (4) The Customer is not authorized to make connections to this lighting circuit or to make attachments or alterations to the Company owned pole.
- (5) If a Customer requests a relocation of a lighting installation, the costs of such relocation must be borne by the Customer.
- (6) The Customer is expected to notify the Company when lamp outages occur.
- (7) The Company will use diligence in maintaining service; however, monthly bills will not be reduced because of lamp outages.
- (8) After the minimum contract period, if any, has expired, this agreement shall be extended from year to year unless written notice of desire to terminate is given by either party at least thirty (30) days prior to the end of any such annual extension date.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

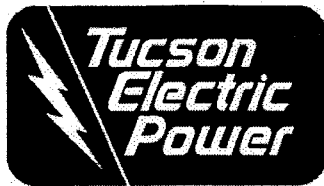
The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

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Effective: PENDING
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Pricing Plan PRS-10 (Experimental) Partial Requirements Service Less Than 200 kW

A UniSource Energy Company

AVAILABILITY

This Pricing Plan is available in all territory served by the Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the premises served and when all applicable provisions described herein have been met.

APPLICABILITY

This Pricing Plan is applicable to any non-residential customer requiring partial requirements services, including backup energy, standby capacity, maintenance energy, or supplemental energy and capacity, in addition to regular electric requirements obtained from any service other than the Company. This Pricing Plan is applicable to customers with an aggregate partial requirements service load less than 200 kW. This Pricing Plan is not applicable to resale service or where on-site generation is used only during a utility outage.

CHARACTER OF SERVICE

The service shall be single- or three-phase, 60 Hertz, at one standard nominal voltage as mutually agreed and subject to availability at the point of delivery. Primary metering may be used by mutual agreement between the Company and the Customer.

BUNDLED PRICES

The total monthly bill will be the sum of the delivery charges plus the market-based generation charges.

Delivery Charges – monthly

	<u>Summer Billing Months</u> (May – October)	<u>Winter Billing Months</u> (November – April)
<u>Backup/Standby Service</u>		
Customer Charge	\$ 124.90	\$ 124.90
Standby Demand Charge per kW	\$ 8.34	\$ 8.34
Backup Energy Charge per kWh	\$ 0.032612	\$ 0.024602
<u>Supplemental Service</u>		
Demand Charge per kW	\$ 4.17	\$ 4.17
Energy Charge per kWh	\$ 0.068778	\$ 0.051885

Market-based Generation Charges

Generation-related charges will be billed at a monthly market-based price dependent upon time of day. The price will be based upon a modified Market Generation Credit mechanism plus an additional procurement charge of 10% of the total generation-related charges. See Schedule MGC-2 for details.

POWER FACTOR ADJUSTMENT

The above rate is subject to a discount or a charge of 1.3 cents per kW of billing demand for each 1% the average monthly power factor is above or below 90% lagging to a maximum discount of 13.0 cents per kW of billing demand per month.

Three-phase Service

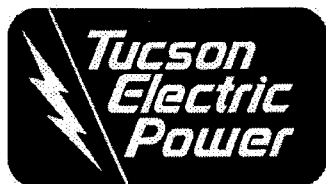
An additional monthly charge of \$7.43 shall apply to customers receiving three-phase service.

ARIZONA INDEPENDENT SCHEDULING ADMINISTRATION (AISA) CHARGE

A per kWh charge shall be applied for costs associated with the implementation of the AISA, or any FERC mandated Grid Management Organization, in Arizona, in accordance with the ACC or FERC approved charges for the service hereunder. Direct access customers will be billed this charge by their scheduling coordinator.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: PRS-10 (Experimental)
Effective: PENDING
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Pricing Plan PRS-10 (Experimental) Partial Requirements Service Less Than 200 kW

A UniSource Energy Company

MINIMUM BILL

The Minimum Bill for Backup/Standby Service is equal to the sum of the greater of the Minimum Contract Demand or the Backup/Standby Service Billing Demand times the Standby Demand Charge per kW plus the Backup/Standby Service Customer Charge per month.

The Minimum Bill for Supplemental Service is equal to the sum of the Minimum Bill for Backup/Standby Service plus the greater of the Minimum Contract Demand or the Supplemental Service Billing Demand times the Supplemental Demand Charge per kW.

TERMS AND CONDITIONS

1. Service Requirements

This Pricing Plan consists of rates charged for two general types of service--Backup/Standby Service and Supplemental Service. The use of Backup/Standby Service occurs when the Customer's total generating resources covered under PRS-10 are unavailable, such as during forced generator outages (when the Customer's generator is not operational) and unforced or planned outages (when the Customer's generator requires maintenance). The use of Supplemental Service occurs when the Customer requires power in addition to that generated by the Customer to meet the Customer's total energy requirements.

The Customer may elect to take Backup/Standby service only, or Supplemental Service in addition to Backup/Standby service. However, when the Customer's Partial Requirements Usage Percentage (PRUP) in any given billing period exceeds 5%, the Customer's Energy Charge per kWh under Backup/Standby Service will be converted to the Energy Charge per kWh under Supplemental Service for all kilowatt-hours in excess of 5% for the billing period.

The PRUP is calculated as follows:

$$PRUP = \frac{\text{Backup Energy Purchased under Backup/Standby Service}}{\text{Billing Demand for Backup/Standby Service} \times \text{Hours in Billing Period}}$$

2. Contract

The Customer shall contract for a Term and a Minimum Contract Demand (for either Backup/Standby and Supplemental Service as applicable) and shall conform to all applicable interconnection requirements as mandated either by government or by the Company.

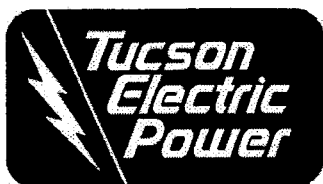
3. Direct Assignment of Interconnection Costs

Prior to construction, the Customer will advance to the Company the total amount of the estimated interconnection construction costs directly related to distribution and transmission service. For each of the first five years of metered use up to the amount of the advance, the Company will refund to the Customer 40% of the annual revenue received based on the unbundled charges under this tariff that are associated with the facilities installed (e.g. revenue from the distribution secondary charge for 13.8 kV facilities). The refund, without interest, will be made one month after each full year of service.

The Customer will furnish, install, and maintain incremental non-distribution system or non-transmission system equipment at his expense. The equipment must meet the standards of the Company's Electric Service Requirements.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

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Pricing Plan PRS-10 (Experimental) Partial Requirements Service Less Than 200 kW

A UniSource Energy Company

Direct Assignment of Incremental Interconnection Costs

In the event that either the fifteen (15) minute demand in the billing month or the maximum fifteen (15) minute demand in the preceding 23 billing months exceeds the Maximum Contract Demand and the Company must expand facilities to meet the additional load, the Customer shall pay for the cost of the incremental facilities.

4. Billing Demand

Backup/Standby Service and Supplemental Service have separate demand charges. For both services, the Billing Demand in any month is the greater of (i) the maximum fifteen (15) minute demand in that month or (ii) the maximum fifteen (15) minute demand in the preceding 23 billing months, or (iii) the Minimum Contract Demand as set forth by mutual agreement. The Minimum Contract Demand for Backup/Standby Service shall be based on the measured kW output of each generating unit at the time of the start-up test.

5. Additional Equipment

Service under this Pricing Plan shall require the appropriate interval metering equipment to allow identification of accurate inbound load flows from the Company. This equipment shall require a dedicated telephone line that is to be installed and maintained by the Customer.

ADDITIONAL NOTES

1. There shall be a \$13.50 charge for the initial establishment of each new service for each customer. There shall be a \$13.50 charge for the re-establishment of each service for each customer.
2. The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where consistent with this Pricing Plan.
3. To the charges computed under the above Pricing Plan, including any adjustments, shall be added the applicable proportionate part of any taxes, governmental impositions, or ACC-mandated assessments which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.
4. Energy imbalance service is currently charged pursuant to the Company's Open Access Transmission Tariff, which is subject to change pursuant to AISA protocols. A loss factor adjustment (5.4%) shall be made for Transmission and Ancillary Services.

RULES AND REGULATIONS

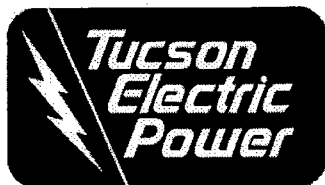
The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

RELATED SCHEDULES

- Schedule MGC-2 – Market Generation Credit (MGC) Calculation for Partial Requirements Services
- Environmental Portfolio Surcharge – Rider No. 6

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: PRS-10 (Experimental)
Effective: PENDING
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**Pricing Plan PRS-13 (Experimental)
Partial Requirements Service
From 200 kW to Less Than 3,000 kW**

A UniSource Energy Company

AVAILABILITY

This Pricing Plan is available in all territory served by the Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the premises served and when all applicable provisions described herein have been met.

APPLICABILITY

This Pricing Plan is applicable to any non-residential customer requiring partial requirements services, including backup energy, standby capacity, maintenance energy, or supplemental energy and capacity, in addition to regular electric requirements obtained from any service other than the Company. This Pricing Plan is applicable to customers with an aggregate partial requirements service load from 200 kW to less than 3,000 kW. This Pricing Plan is not applicable to resale service or where on-site generation is used only during a utility outage.

CHARACTER OF SERVICE

The service shall be single- or three-phase, 60 Hertz, at one standard nominal voltage as mutually agreed and subject to availability at the point of delivery. Primary metering may be used by mutual agreement between the Company and the Customer.

BUNDLED PRICES

The total monthly bill will be the sum of the delivery charges plus the market-based generation charges.

Delivery Charges – monthly

	<u>Summer Billing Months</u> (May – October)	<u>Winter Billing Months</u> (November – April)
<u>Backup/Standby Service</u>		
Customer Charge (first 200 kW)	\$ 1,675.88	\$ 1,675.88
Standby Demand Charge (all additional kW)	\$ 4.47	\$ 4.47
Backup Energy Charge per kWh	\$ 0.010458	\$ 0.008557
<u>Supplemental Service</u>		
Demand Charge per kW	\$ 1.97	\$ 1.97
Energy Charge per kWh	\$ 0.052290	\$ 0.042783

Market-based Generation Charges

Generation-related charges will be billed at a monthly market-based price dependent upon time of day. The price will be based upon a modified Market Generation Credit mechanism plus an additional procurement charge of 10% of the total generation-related charges. See Schedule MGC-2 for details.

POWER FACTOR ADJUSTMENT

The above rate is subject to a discount or a charge of 1.3 cents per kW of billing demand for each 1% the average monthly power factor is above or below 90% lagging to a maximum discount of 13.0 cents per kW of billing demand per month.

THREE-PHASE SERVICE

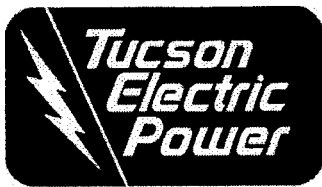
An additional monthly charge of \$7.43 shall apply to customers receiving three-phase service.

ARIZONA INDEPENDENT SCHEDULING ADMINISTRATION (AISA) CHARGE

A per kWh charge shall be applied for costs associated with the implementation of the AISA, or any FERC mandated Grid Management Organization, in Arizona, in accordance with the ACC or FERC approved charges for the service hereunder. Direct access customers will be billed this charge by their scheduling coordinator.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: PRS-13 (Experimental)
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Pricing Plan PRS-13 (Experimental) Partial Requirements Service From 200 kW to Less Than 3,000 kW

A UniSource Energy Company

MINIMUM BILL

The Minimum Bill for Backup/Standby Service is equal to the sum of the greater of the Minimum Contract Demand or the Backup/Standby Service Billing Demand times the Standby Demand Charge per kW plus the Backup/Standby Service Customer Charge per month.

The Minimum Bill for Supplemental Service is equal to the sum of the Minimum Bill for Backup/Standby Service plus the greater of the Minimum Contract Demand or the Supplemental Service Billing Demand times the Supplemental Demand Charge per kW.

TERMS AND CONDITIONS

1. Service Requirements

This Pricing Plan consists of rates charged for two general types of service--Backup/Standby Service and Supplemental Service. The use of Backup/Standby Service occurs when the Customer's total generating resources covered under PRS-13 are unavailable, such as during forced generator outages (when the Customer's generator is not operational) and unforced or planned outages (when the Customer's generator requires maintenance). The use of Supplemental Service occurs when the Customer requires power in addition to that generated by the Customer to meet the Customer's total energy requirements.

The Customer may elect to take Backup/Standby service only, or Supplemental Service in addition to Backup/Standby service. However, when the Customer's Partial Requirements Usage Percentage (PRUP) in any given billing period exceeds 5%, the Customer's Energy Charge per kWh under Backup/Standby Service will be converted to the Energy Charge per kWh under Supplemental Service for all kilowatt-hours in excess of 5% for the billing period.

The PRUP is calculated as follows:

$$PRUP = \frac{\text{Backup Energy Purchased under Backup/Standby Service}}{\text{Billing Demand for Backup/Standby Service} \times \text{Hours in Billing Period}}$$

2. Contract

The Customer shall contract for a Term and a Minimum Contract Demand (for either Backup/Standby and Supplemental Service as applicable) and shall conform to all applicable interconnection requirements as mandated either by government or by the Company.

3. Direct Assignment of Interconnection Costs

Prior to construction, the Customer will advance to the Company the total amount of the estimated interconnection construction costs directly related to distribution and transmission service. For each of the first five years of metered use up to the amount of the advance, the Company will refund to the Customer 40% of the annual revenue received based on the unbundled charges under this tariff that are associated with the facilities installed (e.g. revenue from the distribution secondary charge for 13.8 kV facilities). The refund, without interest, will be made one month after each full year of service.

The Customer will furnish, install, and maintain incremental non-distribution system or non-transmission system equipment at his expense. The equipment must meet the standards of the Company's Electric Service Requirements.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: PRS-13 (Experimental)
Effective: PENDING
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**Pricing Plan PRS-13 (Experimental)
Partial Requirements Service
From 200 kW to Less Than 3,000 kW**

A UniSource Energy Company

Direct Assignment of Incremental Interconnection Costs

In the event that either the fifteen (15) minute demand in the billing month or the maximum fifteen (15) minute demand in the preceding 23 billing months exceeds the Maximum Contract Demand and the Company must expand facilities to meet the additional load, the Customer shall pay for the cost of the incremental facilities.

4. Billing Demand

Backup/Standby Service and Supplemental Service have separate demand charges. For both services, the Billing Demand in any month is the greater of (i) the maximum fifteen (15) minute demand in that month or (ii) the maximum fifteen (15) minute demand in the preceding 23 billing months, or (iii) the Minimum Contract Demand as set forth by mutual agreement. The Minimum Contract Demand for Backup/Standby Service shall be based on the measured kW output of each generating unit at the time of the start-up test.

5. Additional Equipment

Service under this Pricing Plan shall require the appropriate interval metering equipment to allow identification of accurate inbound load flows from the Company. This equipment shall require a dedicated telephone line that is to be installed and maintained by the Customer.

ADDITIONAL NOTES

1. There shall be a \$13.50 charge for the initial establishment of each new service for each customer. There shall be a \$13.50 charge for the re-establishment of each service for each customer.
2. The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where consistent with this Pricing Plan.
3. To the charges computed under the above Pricing Plan, including any adjustments, shall be added the applicable proportionate part of any taxes, governmental impositions, or ACC-mandated assessments which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.
4. Energy Imbalance service is currently charged pursuant to the Company's Open Access Transmission Tariff, which is subject to change pursuant to AISA protocols. A loss factor adjustment (5.4%) shall be made for Transmission and Ancillary Services.

RULES AND REGULATIONS

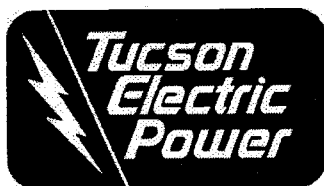
The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

RELATED SCHEDULES

- Schedule MGC-2 – Market Generation Credit (MGC) Calculation for Partial Requirements Services
- Environmental Portfolio Surcharge – Rider No. 6

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: PRS-13 (Experimental)
Effective: PENDING
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**Pricing Plan PRS-14 (Experimental)
Partial Requirements Service
3,000 kW and Greater**

A UniSource Energy Company

AVAILABILITY

This Pricing Plan is available in all territory served by the Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the premises served and when all applicable provisions described herein have been met.

APPLICABILITY

This Pricing Plan is applicable to any non-residential customer requiring partial requirements services, including backup energy, standby capacity, maintenance energy, or supplemental energy and capacity, in addition to regular electric requirements obtained from any service other than the Company. This Pricing Plan is applicable to customers with an aggregate partial requirements service load of 3,000 kW and higher. This Pricing Plan is not applicable to resale service or where on-site generation is used only during a utility outage.

CHARACTER OF SERVICE

The service shall be three-phase, 60 Hertz, and shall be supplied directly from any 46,000 volt or higher voltage system through distribution facilities used exclusively to serve PRS-14 customers at a delivery voltage of not less than 2,400/4,160 volts and delivered at a single point of delivery unless otherwise specified in the contract.

BUNDLED PRICES

The total monthly bill will be the sum of delivery charges plus the market-based generation charges.

Delivery Charges - monthly

	<u>Summer Billing Months</u> (May - October)	<u>Winter Billing Months</u> (November - April)
<u>Backup/Standby Service</u>		
Standby Demand Charge per kW	\$ 4.48	\$ 4.48
Backup Energy Charge per kWh	\$ 0.004761	\$ 0.003896
<u>Supplemental Service</u>		
Demand Charge per kW	\$ 2.00	\$ 2.00
Energy Charge per kWh	\$ 0.031743	\$ 0.025972

Market-based Generation Charges

Generation-related charges will be billed at a monthly market-based price dependent upon time of day. The price will be based upon a modified Market Generation Credit mechanism plus an additional procurement charge of 10% of the total generation-related charges. See Schedule MGC-2 for details.

POWER FACTOR ADJUSTMENT

The above rate is subject to a discount or a charge of 1.3 cents per kW of billing demand for each 1% the average monthly power factor is above or below 90% lagging to a maximum discount of 13.0 cents per kW of billing demand per month.

ARIZONA INDEPENDENT SCHEDULING ADMINISTRATION (AISA) CHARGE

A per kWh charge shall be applied for costs associated with the implementation of the AISA, or any FERC mandated Grid Management Organization, in Arizona, in accordance with the ACC or FERC approved charges for the service hereunder. Direct access customers will be billed this charge by their scheduling coordinator.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: PRS-14 (Experimental)
Effective: PENDING
Page No.: 1 of 3



Pricing Plan PRS-14 (Experimental) Partial Requirements Service 3,000 kW and Greater

A UniSource Energy Company

MINIMUM BILL

The Minimum Bill for Backup/Standby Service is equal to the sum of the greater of the Minimum Contract Demand or the Backup/Standby Service Billing Demand times the Standby Demand Charge per kW plus the Backup/Standby Service Customer Charge per month.

The Minimum Bill for Supplemental Service is equal to the sum of the Minimum Bill for Backup/Standby Service plus the greater of the Minimum Contract Demand or the Supplemental Service Billing Demand times the Supplemental Demand Charge per kW.

TERMS AND CONDITIONS

1. Service Requirements

This Pricing Plan consists of rates charged for two general types of service--Backup/Standby Service and Supplemental Service. The use of Backup/Standby Service occurs when the Customer's total generating resources covered under PRS-14 are unavailable, such as during forced generator outages (when the Customer's generator is not operational) and unforced or planned outages (when the Customer's generator requires maintenance). The use of Supplemental Service occurs when the Customer requires power in addition to that generated by the Customer to meet the Customer's total energy requirements.

The Customer may elect to take Backup/Standby service only, or Supplemental Service in addition to Backup/Standby service. However, when the Customer's Partial Requirements Usage Percentage (PRUP) in any given billing period exceeds 5%, the Customer's Energy Charge per kWh under Backup/Standby Service will be converted to the Energy Charge per kWh under Supplemental Service for all kilowatt-hours in excess of 5% for the billing period.

The PRUP is calculated as follows:

$$PRUP = \frac{\text{Backup Energy Purchased under Backup/Standby Service}}{\text{Billing Demand for Backup/Standby Service} \times \text{Hours in Billing Period}}$$

2. Contract

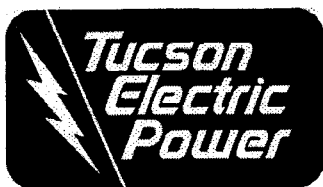
The Customer shall contract for a Term, a Minimum Contract Demand (for either Backup/Standby and Supplemental Service as applicable), a Maximum Contract Demand (for either Backup/Standby and Supplemental Service as applicable), and shall conform to all applicable interconnection requirements as mandated either by government or by the Company.

3. Direct Assignment of Interconnection Costs

Prior to construction, the Customer will advance to the Company the total amount of the estimated interconnection construction costs directly related to distribution and transmission service. For each of the first five years of metered use up to the amount of the advance, the Company will refund to the Customer 40% of the annual revenue received based on the unbundled charges under this tariff that are associated with the facilities installed (e.g. revenue from the distribution secondary charge for 13.8 kV facilities). The refund, without interest, will be made one month after each full year of service.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: PRS-14 (Experimental)
Effective: PENDING
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**Pricing Plan PRS-14 (Experimental)
Partial Requirements Service
3,000 kW and Greater**

A UniSource Energy Company

The Customer will furnish, install, and maintain incremental non-distribution system or non-transmission system equipment at his expense. The equipment must meet the standards of the Company's Electric Service Requirements.

Direct Assignment of Incremental Interconnection Costs

In the event that either the fifteen (15) minute demand in the billing month or the maximum fifteen (15) minute demand in the preceding 23 billing months exceeds the Maximum Contract Demand and the Company must expand facilities to meet the additional load, the Customer shall pay for the cost of the incremental facilities.

4. Billing Demand

Backup/Standby Service and Supplemental Service have separate demand charges. For both services, the Billing Demand in any month is the greater of (i) the maximum fifteen (15) minute demand in that month or (ii) the maximum fifteen (15) minute demand in the preceding 23 billing months, or (iii) the Minimum Contract Demand as set forth by mutual agreement. The Minimum Contract Demand for Backup/Standby Service shall be based on the measured kW output of each generating unit at the time of the start-up test.

5. Additional Equipment

Service under this Pricing Plan shall require the appropriate interval metering equipment to allow identification of accurate inbound load flows from the Company. This equipment shall require a dedicated telephone line that is to be installed and maintained by the Customer.

ADDITIONAL NOTES

1. The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where consistent with this Pricing Plan.
2. To the charges computed under the above Pricing Plan, including any adjustments, shall be added the applicable proportionate part of any taxes, governmental impositions, or ACC-mandated assessments which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.
3. Energy Imbalance service is currently charged pursuant to the Company's Open Access Transmission Tariff, which is subject to change pursuant to AISA protocols. A loss factor adjustment (5.4%) shall be made for Transmission and Ancillary Services.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

RELATED SCHEDULES

- Schedule MGC-2 – Market Generation Credit (MGC) Calculation for Partial Requirements Services
- Environmental Portfolio Surcharge – Rider No. 6

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: PRS-14 (Experimental)
Effective: PENDING
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Pricing Plan PRS-101
Non-Firm Power Purchase from Renewable Energy Resources
and Qualifying Cogeneration Facilities of 100 kW or Less
Capacity

AVAILABILITY

Available throughout Company's entire electric service area to any Customer with certified capacity of 100 kW or less generating through the use of renewable energy resources or qualifying cogeneration facilities providing non-firm power.

PRICE

For all energy billed which is supplied by the Customer to the Company, the price shall be the Company's Market Generation Credit (MGC) as specified in Schedule MGC-1.

CONDITIONS OF PURCHASE

- 1) The Customer shall be responsible for all interconnection costs unless otherwise indicated by the Company. In addition, Customer shall conform to all applicable interconnection requirements as mandated either by government or by the Company.
- 2) The Customer shall operate its electric generating equipment in accordance with Company rules, regulations, and service requirements.
- 3) The Customer shall, at its option, operate in one of the following two system configurations:
 - a) Parallel Mode – The Customer's self-generation facilities first supply its own electric requirements with any excess power being sold to the Company at the MGC. The Company shall sell power to the Customer as required by the Customer under the Company's applicable Pricing Plan.
 - b) Simultaneous Buy/Sell Mode – The Customer's total generation output is sold directly to the Company and the Customer's total electric requirements are met by sales from the Company. Billing for purchases and sales shall be calculated, at the Customer's option, in either of three methods:
 - i) Net bill method: The kWh sold to the Company shall be subtracted from the kWh purchased from Company. If the kWh calculation is net positive, the Company will sell the net kWh to the Customer under the applicable Pricing Plan. If the kWh calculation is net negative, the Company will purchase the net kWh from the Customer at the MGC. Time of use bi-directional metering is not available.
 - ii) Separate bill method: All purchases and sales shall be treated separately with revenues from sales to the Customer calculated under the applicable Pricing Plan, and the purchase of power from the Customer at the MGC.
 - iii) Net metering method: Applicable only where the Customer has a single solar to electricity or wind to electricity conversion system of AC electrical peak capability of 10 kW or less and meets all qualifications. The kWh sold to the Company shall be subtracted from the kWh purchased from the Company. If the kWh calculation is net positive, the Company will sell the net kWh to the Customer under the applicable Pricing Plan. If the kWh calculation is net negative, Company will carry the kWh forward and credit the net kWh of the next billing cycle. All negative kWh credits will be zeroed out annually after the January billing cycle.

Separate Qualifications for Net Metering

- (a) Service under this method shall be limited to 500 kWp (p=peak) aggregate Customer per calendar year.
- (b) Installed solar to electricity or wind to electricity conversion system shall meet IEEE-929 standard, local, and National Electrical Code requirements.
- (c) Installation shall be complete six months from pre-installation approval; thereafter, Customer must re-apply.
- (d) Time of use net metering is not available.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: PRS-101
Effective: PENDING
Page No.: 1 of 2



Pricing Plan PRS-101
Non-Firm Power Purchase from Renewable Energy Resources
and Qualifying Cogeneration Facilities of 100 kW or Less
Capacity

- 4) The applicable Pricing Plan shall apply for all energy billed which is supplied by the Company to the Customer.
- 5) The Company may require a written contract and a minimum term of contract.
- 6) This Pricing Plan is not applicable for Customers with certified renewable generating capacity of over 100 kW. However, for such capacity the Company shall enter into individual agreements.
- 7) The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this Pricing Plan.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

RELATED SCHEDULES

- Schedule MGC-1- Market Generation Credit (MGC) Calculation

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: PRS-101
Effective: PENDING
Page No.: 2 of 2



Pricing Plan PRS-102 - CLOSED
Firm Power Purchase from Renewable Energy Resources
and Qualifying Cogeneration Facilities of 100 kW or Less
Capacity

AVAILABILITY

Available throughout Company's entire electric service area to any Customer with certified capacity of 100 kW or less generating through the use of renewable energy resources or qualifying cogeneration facilities providing firm power.

PRICE

For all energy billed which is supplied by the Customer to the Company, the price shall be the Company's Market Generation Credit (MGC) as specified in Schedule MGC-1, plus ten percent (10%).

CONDITIONS OF PURCHASE

- 1) The Customer shall be responsible for all interconnection costs unless otherwise indicated by the Company. In addition, Customer shall conform to all applicable interconnection requirements as mandated either by government or by the Company.
- 2) The Customer shall operate its electric generating equipment in accordance with Company rules, regulations, and service requirements.
- 3) The Customer shall, at its option, operate in one of the following two system configurations:
 - a) Parallel Mode – The Customer's self-generation facilities first supply its own electric requirements with any excess power being sold to the Company at the MGC. The Company shall sell power to the Customer as required by the Customer under the Company's applicable Pricing Plan.
 - b) Simultaneous Buy/Sell Mode – The Customer's total generation output is sold directly to the Company and the Customer's total electric requirements are met by sales from the Company. Billing for purchases and sales shall be calculated, at the Customer's option, in either of three methods:
 - i) Net bill method: The kWh sold to the Company shall be subtracted from the kWh purchased from Company. If the kWh calculation is net positive, the Company will sell the net kWh to the Customer under the applicable Pricing Plan. If the kWh calculation is net negative, the Company will purchase the net kWh from the Customer at the MGC. Time of use bi-directional metering is not available.
 - ii) Separate bill method: All purchases and sales shall be treated separately with revenues from sales to the Customer calculated under the applicable Pricing Plan, and the purchase of power from the Customer at the MGC.
 - iii) Net metering method: Applicable only where the Customer has a single solar to electricity or wind to electricity conversion system of AC electrical peak capability of 10 kW or less and meets all

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: PRS-102 - CLOSED
Effective: PENDING
Page No.: 1 of 2



Pricing Plan PRS-102 - CLOSED
Firm Power Purchase from Renewable Energy Resources
and Qualifying Cogeneration Facilities of 100 kW or Less
Capacity

qualifications. The kWh sold to the Company shall be subtracted from the kWh purchased from the Company. If the kWh calculation is net positive, the Company will sell the net kWh to the Customer under the applicable Pricing Plan. If the kWh calculation is net negative, Company will carry the kWh forward and credit the net kWh of the next billing cycle. All negative kWh credits will be zeroed out annually after the January billing cycle.

Separate Qualifications for Net Metering

- (a) Service under this method shall be limited to 500 kWp (p=peak) aggregate Customer per calendar year.
 - (b) Installed solar to electricity or wind to electricity conversion system shall meet IEEE-929 standard, local, and National Electrical Code requirements.
 - (c) Installation shall be complete six months from pre-installation approval; thereafter, Customer must re-apply.
 - (d) Time of use net metering is not available.
- 4) The applicable Pricing Plan shall apply for all energy billed which is supplied by the Company to the Customer.
- 5) The Company may require a written contract and a minimum term of contract.
- 6) This Pricing Plan is not applicable for Customers with certified renewable generating capacity of over 100 kW. However, for such capacity the Company shall enter into individual agreements.
- 7) The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this Pricing Plan.

RELATED SCHEDULES

- Schedule MGC-1– Market Generation Credit (MGC) Calculation
- Tucson Electric Power Company – Rules and Regulations

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: PRS-102 - CLOSED
Effective: PENDING
Page No.: 2 of 2



Pricing Plan PRS-103 - CLOSED
Supplementary, Backup, Maintenance and Interruptible
Service for Cogeneration and Small Power Production
Qualifying Facilities (QF) under 100 kW

AVAILABILITY

Available throughout Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises, provided that any QF taking Interruptible Service agrees that Company's service may be interrupted by Company at any time and for such periods as Company, in its sole discretion, considers the supply of such service detrimental to its operations.

APPLICABILITY

To any QF when all energy is supplied at one point of delivery and through one metered service.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

RATE

The billing shall be in accordance with the General Service Time-of-Use Rate No. 76, if and when this rate is approved by the Arizona Corporation Commission, except that the billing for Interruptible Service shall be in accordance with Rate No. 76 reduced by 1.0¢ per kilowatt-hour. If General Service Time-of-Use Rate No. 76 is not available, the billing shall be in accordance with the General Service Rate No. 10 except that the billing for Interruptible Service shall be in accordance with Rate No. 10 reduced by 1.0¢ per kilowatt-hour.

RULES AND REGULATIONS

- (1) The QF shall reimburse Company upon receipt of statement from Company for all interconnection costs in excess of the normal interconnection costs of a retail customer similarly served and situated.
- (2) The QF shall operate its electric generating equipment in accordance with Company rules, regulations, and service requirements.
- (3) The Company may require a written contract and a minimum term of contract.
- (4) The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this rate schedule.

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District: Entire Electric Service Area

Tariff No.: PRS-103 - CLOSED
Effective: PENDING
Page No.: 1 of 1



Pricing Plan PRS-104 - CLOSED
Optional Supplementary Service for Cogeneration and
Small Power Production
Qualifying Facilities (QF) over 100 kW

AVAILABILITY

Available throughout Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To any QF when all energy and capacity requirements in addition to that normally provided by the facility are supplied by Company at one point of delivery and through one metered service.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

RATE

If and when General Service Time-of-Use Rate No. 76 is approved by the Arizona Corporation Commission, the billing shall be in accordance with General Service Time-of-Use Rate No. 76, or Large General Service Time-of-Use Rate No. 85, or Large Light and Power Time-of-Use Rate No. 90. If General Service Time-of-Use Rate No. 76 is not available, the billing shall be in accordance with General Service Rate No. 10, or Large General Service Time-of-Use Rate No. 85, or Large Light and Power Time-of-Use Rate No. 90.

TERMS AND CONDITIONS

- (1) The QF shall reimburse Company upon receipt of statement from Company for all interconnection costs in excess of the normal interconnection costs of a retail customer similarly served and situated.
- (2) The QF shall operate its electric generating equipment in accordance with Company rules, regulations, and service requirements.
- (3) The Company may require a written contract and a minimum term of contract.
- (4) The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this rate schedule.
- (5) If a QF is served under this schedule and has also contracted for Optional QF Backup Service or Optional QF Maintenance Service, a second meter will be installed.

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District: Entire Electric Service Area

Tariff No.: PRS-104 - CLOSED
Effective: PENDING
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Pricing Plan PRS-105 - CLOSED
Optional Maintenance Service for Cogeneration and
Small Power Production
Qualifying Facilities (QF) over 100 kW

AVAILABILITY

Available throughout Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To any QF when all energy and capacity are supplied by Company at one point of delivery and through one metered service to replace generation from a facility when such facility is out of service for scheduled maintenance.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

RATE

- Service Charge: \$18.20 per month.
Energy Charge: All kWh @ 5.228¢ per kWh.
- Not applicable if billed under the Optional Backup QF Service schedule.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

TERMS AND CONDITIONS

- (1) The QF shall reimburse Company upon receipt of statement from Company for all interconnection costs in excess of the normal interconnection costs of a retail customer similarly served and situated.
- (2) The QF shall operate its electric generating equipment in accordance with Company rules, regulations, and service requirements.
- (3) The Company may require a written contract and a minimum term of contract.
- (4) The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this rate schedule.
- (5) The requirement for service shall not exceed the nameplate capacity of the QF.
- (6) The frequency and duration of service may be limited so that the rates remain compensatory by ensuring that usage retains the characteristics of partial requirements service.
- (7) The performance of scheduled maintenance during certain peak hours or months shall be subject to prohibitions to avoid impairing the Company's ability to serve its full requirements customers.

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Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: PRS-105 - CLOSED
Effective: PENDING
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Pricing Plan PRS-106 - CLOSED
Optional Backup Service for Cogeneration and
Small Power Production
Qualifying Facilities (QF) over 100 kW

AVAILABILITY

Available throughout Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To any QF when all energy or capacity is supplied by Company at one point of delivery and through one metered service to replace energy ordinarily generated by a facility's own generation equipment during an unscheduled outage of the facility.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

RATE

- Service Charge: \$18.20 per month.
Reservation Charge:

All contracted kW per month @ \$ C per kW, where C is derived as follows:

$$\$22.00 \times \frac{A}{B} = C$$

A is the number of hours the facility's generation is inoperative in a contract year due to unscheduled maintenance. B is the number of hours in a contract year less the number of hours the facility's generation is inoperative in a contract year due to scheduled maintenance.

For billing purposes, during the first contract year the assumed value of A/B shall be 10% with a true-up based on actual data at the end of the first contract year. For the second and subsequent contract years, the value used for billing purposes shall be based on the actual value of A/B during the previous contract year.

- Not applicable if billed under the Optional Maintenance QF Service schedule.

Energy Charge: All kWh @ 2.214¢ per kWh.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

TERMS AND CONDITIONS

- (1) The QF shall reimburse Company upon receipt of statement from Company for all interconnection costs.
- (2) The QF shall operate its electric generating equipment in accordance with Company rules, regulations, and service requirements.
- (3) The Company may require a written contract and a minimum term of contract.

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District: Entire Electric Service Area

Tariff No.: PRS-106 - CLOSED
Effective: PENDING
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Pricing Plan PRS-106 - CLOSED
Optional Backup Service for Cogeneration and
Small Power Production
Qualifying Facilities (QF) over 100 kW

- (4) The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this rate schedule.
- (5) The requirement for service shall not exceed the nameplate capacity of the QF.
- (6) The frequency and duration of service may be limited so that the rates remain compensatory by ensuring that usage retains the characteristics of partial requirements service.
- (7) A detented meter will be used for service supplied under this schedule.
- (8) A contribution in aid of construction will be required for any investment in metering equipment in excess of \$1,800.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: PRS-106 - CLOSED
Effective: PENDING
Page No.: 2 of 2



Pricing Plan PRS-107 - CLOSED
Optional Backup Energy Service for
Self-Generation Facilities over 3 MW

AVAILABILITY

Available throughout Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To any self-generation facility when all energy or capacity is supplied by Company at one point of delivery and through one metered service to replace energy ordinarily generated by a facility's own self-generation equipment during an unscheduled outage of the facility.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

RATES

*Service Charge: To be charged to the customer depending on metering facilities required, per contract with TEP. (*Not applicable if billed under the Optional Maintenance Self-generation Service schedule.)

Reservation Charge:

1. For customers who take service at voltage levels greater than 46 kV, the monthly reservation charge shall be in accordance with sections a., b., c., and d. below:
 - a. For customers with alternate supply resources demonstrating a capacity factor of 95 percent or greater during the billing month, \$1.52 per kW of contract standby capacity.
 - b. For customers with alternate supply resources demonstrating a capacity factor of between 90 percent and 94.9 percent during the billing month, \$2.43 per kW of contract standby capacity.
 - c. For customers with alternate supply resources demonstrating a capacity factor of between 80 percent and 89.9 percent during the billing month, \$4.32 per kW of contract standby capacity.
 - d. For customers with alternate supply resources demonstrating a capacity factor lower than 80 percent, \$19.92 per kW of contract standby capacity.

The cost per kW in sections a, b, c, and d above reflect the likelihood that the Company will have to supply the customer's power needs due to a forced outage of the customer's self-generation facility during the billing month, and the Company's cost to supply such power. The customer's charge for reservation capacity during the billing month is the product of the customer's contract standby capacity and the applicable charge per kW. The cost per kW in sections a, b, c, and d above include firm transmission capacity reserved by the Company for the customer and charged consistent with the Company's FERC-approved Open Access Transmission Tariff.

2. For customers who take service at voltage levels of 46 kV or less, the monthly reservation charge shall be in accordance with sections a, b, c, and d below:
 - a. For customers with alternate supply resources demonstrating a capacity factor of 95 percent or greater during the billing month, \$4.43 per kW of contract standby capacity.

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District: Entire Electric Service Area

Tariff No.: PRS-107 - CLOSED
Effective: PENDING
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Pricing Plan PRS-107 - CLOSED
Optional Backup Energy Service for
Self-Generation Facilities over 3 MW

- b. For customers with alternate supply resources demonstrating a capacity factor of between 90 percent and 94.9 percent during the billing month, \$5.41 per kW of contract standby capacity.
- c. For customers with alternate supply resources demonstrating a capacity factor of between 80 percent and 89.9 percent during the billing month, \$7.12 per kW of contract standby capacity.
- d. For customers with alternate supply resources demonstrating a capacity factor lower than 80 percent, \$22.38 per kW of contract standby capacity.

The cost per kW in sections a, b, c, and d above reflect the likelihood that the Company will have to supply the customer's power needs due to a forced outage of the customer's self-generation facility during the billing month, and the Company's cost to supply such power. The customer's charge for reservation capacity during the billing month is the product of the customer's contract standby capacity and the applicable charge per kW. The cost per kW in sections a, b, c, and d above include firm transmission capacity reserved by the Company for the customer and charged consistent with the Company's FERC-approved Open Access Transmission Tariff, and all non-direct-assigned distribution charges.

Direct-assigned Transmission and Distribution Charge: Any transmission- and distribution-related facilities directly assigned to the customer shall be billed in accordance with the Company's Rules and Regulations.

Standby Energy Charge: All kWh @ 2.214¢ per kWh.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

TERMS AND CONDITIONS

- 1. The self-generation customer shall reimburse Company upon receipt of statement from Company for all interconnection costs.
- 2. The customer shall operate its electric generating equipment in accordance with Company rules, regulations, and service requirements.
- 3. The Company may require a written contract and a minimum term of contract.
- 4. The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this rate schedule.
- 5. The requirement for service shall not exceed the nameplate capacity of the customer's self-generation facilities.
- 6. The frequency and duration of service may be limited so that the rates remain compensatory by ensuring that usage retains the characteristics of partial requirements service.
- 7. A detented meter will be used for service supplied under this schedule.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: PRS-107 - CLOSED
Effective: PENDING
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**Pricing Plan PRS-107 - CLOSED
Optional Backup Energy Service for
Self-Generation Facilities over 3 MW**

8. A contribution in aid of construction will be required for any investment in metering equipment in excess of \$1,800.
9. Rates are inclusive of any stranded cost charges associated with this service.
10. Capacity Factor.

For purposes of this rate schedule, the calculation of the capacity factor will be based on an 18-month rolling average as shown in the formula below. The calculation of capacity factor shall not reflect any period of time during a billing month that Company-authorized Maintenance Service was being utilized.

Capacity Factor is equal to the average over the past 18 months of:

$$\frac{(\text{Contract standby capacity} \times \text{hours in month}) - (\text{Standby energy purchased in month})}{\text{Contract standby capacity} \times \text{hours in month}}$$

If customer has less than 18 months of billing history under Backup Service, the capacity factor will be calculated using the months that Backup Service has been taken to date.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: PRS-107 - CLOSED
Effective: PENDING
Page No.: 3 of 3



Pricing Plan PRS-108 - CLOSED
Optional Maintenance Energy Service for
Self-Generation Facilities over 3 MW

AVAILABILITY

Available throughout Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To any self-generator when all energy and capacity are supplied by Company at one point of delivery and through one metered service to replace generation from a facility when such facility is out of service for scheduled maintenance.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

RATE

Service Charge: To be charged to the customer depending on metering facilities required, per contract with TEP.

Energy Charge:

- All kWh @ 5.228¢ per kWh**.
- All kWh @ 3.70 cents per kWh if this service is taken in conjunction with Optional Self-generation Backup Service.

** Not applicable if billed under the Optional Self-generation Backup Service schedule.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

TERMS AND CONDITIONS

1. The customer shall reimburse Company upon receipt of statement from Company for all interconnection costs in excess of the normal interconnection costs of a retail customer similarly served and situated.
2. The customer shall operate its electric generating equipment in accordance with Company rules, regulations, and service requirements.
3. The Company may require a written contract and a minimum term of contract.
4. The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this rate schedule.
5. The requirement for service shall not exceed the nameplate capacity of the QF.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: PRS-108 - CLOSED
Effective: PENDING
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Pricing Plan PRS-108 - CLOSED
Optional Maintenance Energy Service for
Self-Generation Facilities over 3 MW

6. The frequency and duration of service may be limited so that the rates remain compensatory by ensuring that usage retains the characteristics of partial requirements service.
7. The performance of scheduled maintenance during certain peak hours or months shall be subject to prohibitions to avoid impairing the Company's ability to serve its full requirements customers.
8. Maintenance schedules shall be submitted to the Company for a 12-month period at least 60 days prior to the beginning of such period.
9. A detented meter will be used for service supplied under this schedule.
10. A contribution in aid of construction will be required for any investment in metering equipment in excess of \$1,800.
11. Rates are inclusive of any stranded cost charges associated with this service.

Filed By: Raymond S. Heyman
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District: Entire Electric Service Area

Tariff No.: PRS-108 - CLOSED
Effective: PENDING
Page No.: 2 of 2



Pricing Plan Rider-1 Purchased Power Fuel Adjuster Clause (PPFAC)

APPLICABILITY

The Purchased Power and Fuel Adjustment Clause ("PPFAC") will be applied to all customers taking Standard Offer service from the Company pursuant to the Arizona Corporation Commission ("ACC") Decision No xxxxx dated xxxx x xxxx and as defined in the Company's PPFAC Plan of Administration.

RATE

The customer monthly bill shall consist of the applicable Pricing Plan charges and adjustments in addition to the PPFAC. The PPFAC adjuster rate is an amount expressed as a rate per kWh charge that is approved by the ACC on or before June 1 of each year and effective with the first billing cycle in June. The PPFAC is the difference between the forecasted fuel and purchased power costs expressed as a rate per kWh less the Base Cost of Fuel and Purchased Power generally expressed as a rate per kWh embedded in UNSE's bundled rate. The PPFAC per kWh charge will be modified to reflect an increase or decrease, as approved by the ACC.

PPFAC Adjuster Rate as of January 1, 2009

\$0.000000 per kWh

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

This standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with the Rider.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: Rider-1 PPFAC
Effective: PENDING
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Rider R-2
Demand Side Management Surcharge (DSMS)

APPLICABILITY

The Demand Side Management Surcharge ("DSMS") applies to all customers in all territory served by the Company as mandated by the Arizona Corporation Commission, unless otherwise specified.

RATE

The DSMS shall be applied to all monthly net bills at the following rate:

All kWhs	\$0.000639 per kWh
----------	--------------------

REQUIREMENTS

The DSMS will be calculated and filed with the Arizona Corporation Commission (ACC) for approval on or before April 1st. The ACC will approve the surcharge to be billed to all applicable pricing plans for twelve (12) months beginning each June 1st.

TAX CLAUSE

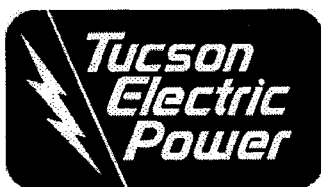
To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company, and/or the price of, or revenue from, gas sales or service sold and/or the volume of gas sales generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: Rider-R2 DSMS
Effective: June 1, 2008
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Schedule MGC-1

Tucson Electric Power Company

Market Generation Credit (MGC) Calculation

A UniSource Energy Company

INTRODUCTION

There are two purposes of the Market Generation Credit (MGC). The first purpose is to establish a price to which TEP's energy customers can compare to the prices of competitors. The second purpose is to enable the calculation of the variable or "floating" component of TEP's stranded cost recovery. Shown below are the terms of the MGC methodology per TEP's Settlement Agreement, Section 2.1(d), as amended March 20, 2003:

The monthly MGC amount shall be calculated in advance and stated as both an on-peak value and an off-peak value. The monthly on-peak MGC component shall be equal to the Market Price multiplied by one plus the appropriate line loss (including unaccounted for energy ("UFE")) amount. The Market Price shall be equal to the Tullett Liberty Long-Term Forward Assessment for the Palo Verde Forward price, except when adjusted for the variable cost of TEP's must-run generation. The Market Price shall be determined thirty (30) days prior to each calendar month using the average of the most recent three (3) business days of Tullett Liberty Long-Term Forward Assessment for Palo Verde settlement prices. The off-peak MGC component shall be determined in the same manner as the on-peak component, except that the Tullett Liberty Long-Term Forward Assessment for the Palo Verde Forward price will be adjusted by the ratio of off-peak to on-peak prices from the Dow Jones Palo Verde Index of the same month from the preceding year. The MGC shall be equal to the hours-weighted average of the on-peak and off-peak pricing components and shall reflect the cost of serving a one hundred percent (100%) load factor customer.

To reflect the cost of serving a 100% load factor customer, the actual MGC used for billing calculations will be a loss adjusted average price that is weighted by the ratio of on-peak and off-peak hours. This process is illustrated in equations 4 and 5 below and will be posted to TEP's website <http://partners.tucsonelectric.com> thirty (30) days prior to each calendar month. This composite price will be credited to all energy consumption, regardless of the time period in which it is consumed.

CALCULATIONS

Five steps are outlined below for the calculation of the MGC. None of the steps are excludable for any customer type. Acronyms are defined in the Glossary at the end of this document.

1. Calculating the on-peak MGC

Thirty (30) days prior to each calendar estimation month, the Tullett Prebon Long-Term Forward Assessment for Palo Verde Forward prices for the three (3) most recent business days are used. The simple average (or arithmetic mean) is calculated for these three (3) days for the estimation month.

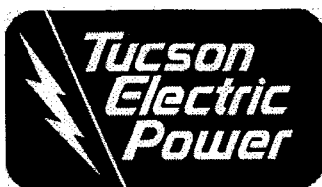
$$MGC_{ON,i} = \frac{\sum (TULLETT)_i}{3} \quad (\text{Equation 1})$$

The calculation is illustrated in the table below.

Forward Prices per MWh	Apr-2002
3/1/2002	\$25.50
2/28/2002	\$25.50
2/27/2002	\$24.75
Average	\$25.25

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District: Entire Electric Service Area

Tariff No.: MGC-1
Effective: PENDING
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Schedule MGC-1
Tucson Electric Power Company
Market Generation Credit (MGC) Calculation

A UniSource Energy Company

2. Calculating the off-peak MGC

The off-peak MGC is determined by multiplying the on-peak MGC value by the off-peak price weighting factor (WEIGHT). The WEIGHT is equal to the simple average of all off-peak prices from the Dow Jones Palo Verde Index in the same month of the previous year, divided by the simple average of all on-peak prices from the Dow Jones Palo Verde Index in the same month of the previous year. Off-peak, on-peak and holiday hours are defined by NERC in the estimation month.

$$MGC_{OFF,i} = MGC_{ON,i} * WEIGHT_i \quad (\text{Equation 2})$$

where

$$WEIGHT_i = \frac{DJPVI_{OFF,i}}{DJPVI_{ON,i}} \quad (\text{Equation 3})$$

3. Weighting the MGC for hours in the month

The on-peak and off-peak MGCs are combined to form an average MGC by computing a weighted average of the two time periods. This is done by multiplying the on-peak MGC by the percentage of on-peak hours in the same month of the previous year and then adding the product of the off-peak MGC and the percentage of off-peak hours in the same month of the previous year. Off-peak, on-peak and holiday hours are defined by NERC in the estimation month.

$$MGC_{WEIGHT,i} = MGC_{ON,i} * \left(\frac{ONHOURS}{ONHOURS + OFFHOURS} \right) + MGC_{OFF,i} * \left(\frac{OFFHOURS}{ONHOURS + OFFHOURS} \right) \quad (\text{Equation 4})$$

4. Loss-adjusting the MGC

The average MGC must be adjusted for line losses. The appropriate line loss adjustment factor (LLAF) for a large industrial customer is 1.0515. For all other customers, the appropriate factor is 1.0919.

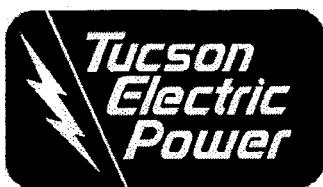
$$MGC_{LOSS,i} = MGC_{WEIGHT,i} * LLAF \quad (\text{Equation 5})$$

5. Adjusting the MGC for variable must-run

The MGC will be adjusted for variable must-run as defined in TEP's Stranded Cost Settlement Agreement and AISA protocols. Fifteen (15) days prior to each month, TEP forecasts a ratio of its variable must-run generation to retail system demand for the following month. The MGC is determined by adding the product of MGC_{LOSS} and one minus the ratio of variable must-run generation to total retail system demand to the product of \$15/MWh and the variable must-run ratio.

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Schedule MGC-1
Tucson Electric Power Company
Market Generation Credit (MGC) Calculation

A UniSource Energy Company

$$MGC_i = [MGC_{LOSS,i} * (1 - VMR_i)] + (\$15 * VMR_i) \quad \text{(Equation 6)}$$

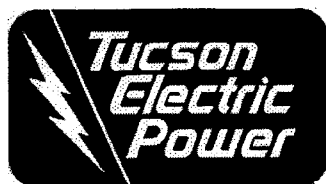
This calculation produces the final value for the Market Generation Credit.

GLOSSARY

DJPV_{OFF}	Simple average of off-peak prices on the Dow Jones Palo Verde Index.
DJPV_{ON}	Simple average of on-peak prices on the Dow Jones Palo Verde Index.
Dow Jones Palo Verde Index	Daily calculation of actual firm on-peak and firm off-peak weighted average prices for electricity traded at Palo Verde, Arizona switchyard.
AISA	Arizona Independent Scheduling Administrator, a temporary entity, independent of transmission-owning organizations, intended to facilitate nondiscriminatory retail direct access using the transmission system in Arizona. Required by the Arizona Corporation Commission Retail Electric Competition Rules.
LLAF	Line-loss adjustment factor.
MGC	Market Generation Credit.
MGC_{OFF}	MGC _{ON} weighted by the ratio of off-peak to on-peak prices on the Dow Jones Palo Verde Index.
MGC_{ON}	Average of the Tullett Liberty prices on days appropriate for the calculation of the MGC.
MGC_{LOSS}	MGC _{WEIGHT} adjusted for line losses (including unaccounted for energy) on TEP's generation and energy delivery systems.
MGC_{WEIGHT}	A weighted average of MGC _{ON} and MGC _{OFF} by ONHOURS and OFFHOURS.
Must-run Generation	The cost associated with the running of local generating units needed to maintain distribution system reliability and to meet load requirements in times of congestion on certain portions of the interconnected grid.
NERC	North American Electric Reliability Council. A voluntary not-for-profit organization established to promote bulk electric system reliability and security. Membership includes: investor-owned utilities; federal power agencies; rural electric cooperatives; state, municipal and provincial utilities; independent power producers; power marketers; and end-use customers.

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Tariff No.: MGC-1
Effective: PENDING
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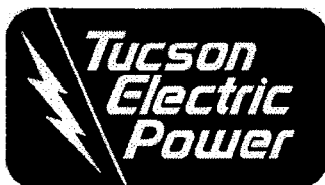
Schedule MGC-1 Tucson Electric Power Company Market Generation Credit (MGC) Calculation

A UniSource Energy Company

OFFHOURS	Number of total monthly off-peak hours as defined by NERC. Off-peak hours are hour ending 0100 – hour ending 0600 and hour ending 2300 – hour ending 2400, Monday through Saturday, Pacific Prevailing Time (PPT). All Sunday hours are considered off-peak. PPT is defined as the current clock time in the Pacific time zone.
ONHOURS	Number of total monthly on-peak hours as defined by NERC. On-peak hours are hour ending 0700 – hour ending 2200 Monday through Saturday, Pacific Prevailing Time (PPT). PPT is defined as the current clock time in the Pacific time zone.
TULLETT	Tullett Liberty - a provider of independent real-time price information from the wholesale inter-dealer brokered commodity markets, from which the on-peak Long Term Forward Assessment of market prices of electricity at the Palo Verde, Arizona switchyard are obtained. The forward product is "6 x 16," power is for 16 hours a day for six days a week (Monday through Saturday) for the delivery period, excluding NERC holidays.
Stranded Costs	The difference between revenues under competition and the costs of providing service, including the inherited fixed costs from the previous regulated market.
TEP	Tucson Electric Power Company, a subsidiary of UniSource Energy Corp.
TEP Settlement Agreement	An agreement between TEP, the Arizona Residential Utility Consumer Office, members of the Arizonans for Electric Choice and Competition, and Arizona Community Action Association regarding TEP's implementation of retail electric competition, implementation of unbundled tariffs, and recovery of stranded costs.
VMR	Ratio of variable must-run generation (MW) to total retail system demand (MW) in TEP's service territory.
WEIGHT	Ratio of off-peak to on-peak prices on the Dow Jones Palo Verde Index.

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District: Entire Electric Service Area

Tariff No.: MGC-1
Effective: PENDING
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Schedule MGC-2 Market Generation Credit (MGC) Calculation For Partial Requirements Services

A UniSource Energy Company

INTRODUCTION

The purpose of the Market Generation Credit (MGC) for Partial Requirements Services is to establish a price at which TEP's partial requirements customers will purchase backup/standby and supplemental energy under Rates PRS-10, PRS-13, and PRS-14. The Market Generation Credit for Partial Requirements Services is consistent with the MGC methodology per TEP's Settlement Agreement, Section 2.1(d), as amended March 20, 2003.

The monthly MGC amount shall be calculated in advance and stated as both an on-peak value and an off-peak value. The monthly on-peak MGC component shall be equal to the Market Price multiplied by one plus the appropriate line loss (including unaccounted for energy ("UFE")) amount. The Market Price shall be equal to the Tullett Liberty Long-Term Forward Assessment for the Palo Verde Forward price, except when adjusted for the variable cost of TEP's must-run generation. The Market Price shall be determined fifteen (15) days prior to each calendar month using the average of the most recent three (3) business days of Tullett Liberty Long-Term Forward Assessment for Palo Verde settlement prices. The off-peak MGC component shall be determined in the same manner as the on-peak component, except that the Tullett Liberty Long-Term Forward Assessment for the Palo Verde Forward price will be adjusted by the ratio of off-peak to on-peak prices from the Dow Jones Palo Verde Index of the same month from the preceding year.

CALCULATIONS

The Customer will be charged adjusted on-peak MGC multiplied by kWh consumption for On-peak hours, and adjusted off-peak MGC multiplied by kWh consumption for Off-peak hours. Three steps are outlined below for the calculation of the MGC. None of the steps are excludable for any customer type. Acronyms are defined in the Glossary at the end of this document.

1. Calculating the on-peak MGC

Fifteen (15) days prior to each calendar estimation month, the Platts Long-Term Forward Assessment for Palo Verde Forward prices for the three (3) most recent business days are used. The simple average (or arithmetic mean) is calculated for these three (3) days for the estimation month.

$$MGC_{ON,i} = \frac{\sum (TULLETT)_i}{3} \quad (\text{Equation 1})$$

The calculation is illustrated in the table below.

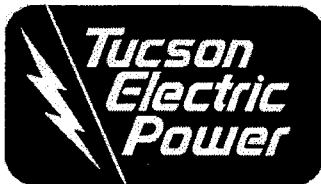
Forward Prices per MWh	Apr 2002
3/13/2002	\$25.80
3/14/2002	\$26.90
3/15/2002	\$27.75
Average	\$26.82

2. Calculating the off-peak MGC

The off-peak MGC is determined by multiplying the on-peak MGC value by the off-peak price weighting factor (WEIGHT). The WEIGHT is equal to the simple average of all off-peak prices from the Dow Jones Palo Verde Index in the same month of the previous year, divided by the simple average of all on-peak prices from the Dow Jones Palo Verde Index in the same month of the previous year. Off-peak, on-peak and holiday hours are defined by NERC in the estimation month.

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Effective: PENDING
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Schedule MGC-2 Market Generation Credit (MGC) Calculation For Partial Requirements Services

A UniSource Energy Company

$$MGC_{OFF,i} = MGC_{ON,i} * WEIGHT_i \quad (\text{Equation 2})$$

where

$$WEIGHT_i = \frac{DJPVI_{OFF,i}}{DJPVI_{ON,i}} \quad (\text{Equation 3})$$

3. Loss-adjusting the MGC

The on-peak MGC and the off-peak MGC must be adjusted for line losses. The appropriate line loss adjustment factor (LLAF) for the large industrial customer class is 1.0515; for all other customer classes, the appropriate factor is 1.0919.

$$MGC_{LOSS-ON,i} = MGC_{ON,i} * LLAF \quad (\text{Equation 4})$$

$$MGC_{LOSS-OFF,i} = MGC_{OFF,i} * LLAF \quad (\text{Equation 5})$$

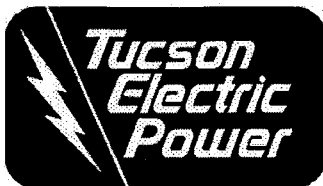
This calculation produces the final value for the on-peak and off-peak Market Generation Credits.

GLOSSARY

DJPVI _{OFF}	Simple average of off-peak prices on the Dow Jones Palo Verde Index.
DJPVI _{ON}	Simple average of on-peak prices on the Dow Jones Palo Verde Index.
Dow Jones Palo Verde Index	Daily calculation of actual firm on-peak and firm off-peak weighted average prices for electricity traded at Palo Verde, Arizona switchyard.
LLAF	Line-loss adjustment factor.
MGC	Market Generation Credit.
MGC _{OFF}	MGC _{ON} weighted by the ratio of off-peak to on-peak prices on the Dow Jones Palo Verde Index.
MGC _{ON}	Average of the Tullett Liberty prices on days appropriate for the calculation of the MGC.
MGC _{LOSS-ON}	MGC _{ON} adjusted for line losses (including unaccounted for energy) on TEP's generation and energy delivery systems.
MGC _{LOSS-OFF}	MGC _{OFF} adjusted for line losses (including unaccounted for energy) on TEP's generation and energy delivery systems.
NERC	North American Electric Reliability Council. A voluntary not-for-profit organization established to promote bulk electric system reliability and security. Membership include investor-owned utilities; federal power agencies; rural electric cooperatives; state, municipal and provincial utilities; independent power producers; power marketers; and end-use customers.

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Tariff No.: MGC-2
Effective: PENDING
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Schedule MGC-2 Market Generation Credit (MGC) Calculation For Partial Requirements Services

A UniSource Energy Company

Off-Peak Hours	Number of total monthly off-peak hours as defined by NERC. Off-peak hours are hour ending 0100 – hour ending 0600 and hour ending 2300 – hour ending 2400, Monday through Saturday, Pacific Prevailing Time (PPT). All Sunday hours are considered off-peak. PPT is defined as the current clock time in the Pacific time zone.
On-Peak Hours	Number of total monthly on-peak hours as defined by NERC. On-peak hours are hour ending 0700 – hour ending 2200 Monday through Saturday, Pacific Prevailing Time (PPT). PPT is defined as the current clock time in the Pacific time zone.
TULLETT	Tullett Liberty - a provider of independent real-time price information from the wholesale inter-dealer brokered commodity markets, from which the on-peak Long Term Forward Assessment of market prices of electricity at the Palo Verde, Arizona switchyard are obtained. The forward product is "6 x 16," power is for 16 hours a day for six days a week (Monday through Saturday) for the delivery period, excluding NERC holidays.
Stranded Costs	The difference between revenues under competition and the costs of providing service, including the inherited fixed costs from the previous regulated market.
TEP	Tucson Electric Power Company, a subsidiary of UniSource Energy Corp.
TEP Settlement Agreement	An agreement between TEP, the Arizona Residential Utility Consumer Office, members of the Arizonans for Electric Choice and Competition, and Arizona Community Action Association regarding TEP's implementation of retail electric competition, implementation of unbundled tariffs, and recovery of stranded costs.
WEIGHT	Ratio of off-peak to on-peak prices on the Dow Jones Palo Verde Index.

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Tariff No.: MGC-2
Effective: PENDING
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RIDER 17 *GreenWatts* PRICING PLAN

AVAILABILITY/APPLICABILITY

GreenWatts is a Pricing Plan available to all Customers in all territory served by Tucson Electric Power Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the premises served.

PRICING PLAN

A participating Customer under the *GreenWatts* Pricing Plan will be charged a monthly before-tax premium to the Customer's existing TEP Pricing Plan according to the following schedule:

First twenty-kWh block of energy @ \$2.00
Each additional twenty-kWh block of energy @ \$1.50

The number of twenty-kWh blocks purchased is at the discretion of the *GreenWatts* Customer and is subject to the conditions of service described below.

CONDITIONS OF SERVICE

- Revenues from *GreenWatts* will be devoted to the cost of building, operating, and maintaining new solar power sources in the State of Arizona.
- The total kWh under subscription cannot exceed the Customer's minimum monthly consumption during the prior twelve months. For a Customer with an insufficient billing history, subscription is limited to a total of four twenty-kWh blocks per month.
- The *GreenWatts* Customer is responsible for the premium payment for the subscribed number of blocks, regardless of the level of consumption in any given billing period.
- Customer must contact TEP to cancel or change subscriptions to *GreenWatts*. Any change or cancellation of subscription shall take effect in the succeeding billing period.
- All provisions of the Customer's current applicable rate schedule will apply during service under *GreenWatts*.
- Energy provided under *GreenWatts* will be generated by landfill gas from Tucson area landfills, displacing the burning of coal in a Tucson area power plant, and will be blended with solar power sources as solar power sources are constructed. The total amount of energy sold under *GreenWatts* shall not exceed the combined capacity of TEP's landfill gas facilities and solar power sources.
- Energy generated for *GreenWatts* will be delivered to TEP's distribution grid for general distribution.
- The premium charged for *GreenWatts* does not represent the sale or lease of generation assets.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

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Tariff No.: Rider 17
Effective: PENDING
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Pricing Plan Rider No. -1 - CLOSED
Adder Associated with Direct Access

(all prices in mills per kWh)

All customers up to 200 kW demand	Mills per kWh
Summer kWh up to 115% of winter kWh	3.84
Summer kWh greater than 115% but less than or equal to 145% of winter kWh	4.44
Summer kWh greater than 145% but less than or equal to 175% of winter kWh	5.04
Summer kWh greater than 175% but less than or equal to 205% of winter kWh	5.64
Summer kWh greater than 205% of winter kWh	6.24
All customers from 200 kW to 3000 kW demand	
Summer kWh up to 106% of of winter kWh	3.00
Summer kWh greater than 106% but less than or equal to 136% of winter kWh	3.48
Summer kWh greater than 136%	3.96
All customers 3000 kW demand and above	
Air Liquide	3.00
Fort Huachuca	3.00
Arizona Portland Cement	3.00
IBM	3.00
Asarco Mission 1	3.00
Asarco Mission 2	3.00
Asarco Silverbell	3.00
Cyprus	3.00
University of Arizona Main Campus	3.00
University of Arizona Health Sciences Center	3.00
University of Arizona Central Heating & Refrigeration Plant	3.00
Burr Brown	3.00
Davis Monthan Air Force Base	3.00
Raytheon	3.00
University Medical Center	3.00
Tucson Medical Center	3.00

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Tariff No.: Rider-1 - CLOSED
Effective: PENDING
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Rider 2 - CLOSED Must-Run Generation

Variable Component	\$ 0.015000 per kWh
Fixed Component	
Residential Service	\$ 0.005017 per kWh
General Service - Rates No. 10 and 76	0.005493 per kWh
Mobile Home Parks - Rate No. 11	0.006549 per kWh
Interruptible Agricultural Pumping - Rate No. 31	0.003752 per kWh
Large General Service - Rates No. 13, 85 and 85A	0.003787 per kWh
Large Light & Power - Rates No. 14, 90, and 90A	0.002900 per kWh
Lighting - Rates No. 41, 50 and 51	0.004522 per kWh
Public Authority - Rates No. 40 and 43	0.004876 per kWh
(Weighted Average Fixed Component)	\$ 0.004320 per kWh

Variable component is billed to scheduling coordinator based on actual must-run energy delivered.
Fixed component is billed directly to end-use customer.

During a month in which must-run generation is provided to meet retail load, the Market Price component used in calculating the on-peak MGC shall be a weighted average of the Palo Verde NYMEX futures price and the must-run variable cost charges that are levied on scheduling coordinators serving retail customers in the TEP load zone during that month, consistent with AISA protocols.

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District: Entire Electric Service Area

Tariff No.: Rider 2 CLOSED
Effective: PENDING
Page No.: 1 of 1



Rider 3 - CLOSED Transmission & Ancillary Services

Transmission

Group "A" : For customers under 20 kW and not demand metered.

Applicability: Required for Direct Access Service pursuant to the Company's OATT. The rates in Transmission Credit -- Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups. For illustrative purposes, estimated rates are shown in selected Direct Access tariffs.

Note: A loss factor adjustment shall be made for transmission and ancillary services.

Group "B" : For customers not in Group A.

Applicability: Required for Direct Access Service pursuant to the Company's OATT. The following OATT rate is shown below for information and for calculation of the floating CTC (See Transmission Rider No. 3).

As of June 7, 1999, the transmission charges are as follows:

EHV	Non-EHV	
2.259	\$0.757000	per kW / Month

Note: A loss factor adjustment shall be made for transmission and ancillary services.

Ancillary Services

Group "A" : For customers under 20 kW and not demand metered.

Applicability: Required for Direct Access Service, but not purchased directly by the customer. Sold to scheduling coordinator pursuant to the OATT. The rates in Transmission Credit -- Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups. For illustrative purposes, estimated rates are shown in selected Direct Access tariffs.

Services covered:

1. System Control & Dispatch
2. Reactive Supply and Voltage Control
3. Regulation and Frequency Response
4. Energy Imbalance Service
5. Spinning Reserve Service
6. Supplemental Reserve Service

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Tariff No.: Rider 3 - CLOSED
Effective: PENDING
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Rider 3 - CLOSED Transmission & Ancillary Services

Notes:

- A loss factor adjustment shall be made for transmission and ancillary services.
- Energy Imbalance Service currently charged pursuant to the Company's OATT, which is subject to change pursuant to AISA protocols.

Group "B" : For customers not in Group A.

Applicability: Required for Direct Access Service pursuant to the Company's OATT. The following OATT rates are shown below for information and for calculation of the floating CTC (See Transmission Rider No. 3).

As of June 7, 1999, the charges are as follows:

Service		
System Control & Dispatch	\$0.041000	per kW / Month
Reactive Supply and Voltage Control	\$0.161000	per kW / Month
Regulation and Frequency Response	\$0.156000	per kW / Month
Energy Imbalance Service	(see note)	
Spinning Reserve Service	\$0.423000	per kW / Month
Supplemental Reserve Service	\$0.069000	per kW / Month

Notes:

- A loss factor adjustment shall be made for transmission and ancillary services.
- Energy Imbalance Service currently charged pursuant to the Company's OATT, which is subject to change pursuant to AISA protocols.

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District: Entire Electric Service Area

Tariff No.: Rider 3 - CLOSED
Effective: PENDING
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TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Raymond S. Heyman

Title: Senior Vice President, General Counsel

District: Entire Electric Service Area

Tariff No. RIDER NO. 4 - CLOSED

Sheet No. 1 of 1

Revision No. _____

Effective: PENDING

FIXED CTC BY CLASS - RIDER NO. 4

Fixed CTC by Class - Rider No. 4

The weighted average of Fixed CTC by class is \$0.009300 per kWh.

By class, the fixed CTC is:

Residential (Rates No. 01, 02, 21, 70 and 201)	\$0.010800 per kWh
General Service (Rates No. 10 and 76):	0.011825 per kWh
Mobile Home Parks (Rate No. 11)	0.014099 per kWh
Interruptible Agricultural Pumping (Rate No. 31)	0.008077 per kWh
Large General Service (Rates No. 13, 85, and 85A):	0.008152 per kWh
Large Light and Power (Rates No. 14, 90, 90A and Special Contract):	0.006244 per kWh
Note: This is a weighted average charge based upon load factor.	
Charges shall be adjusted such that	
a 60% load factor customer is charged:	0.008100 per kWh
and a 90% factor customer is charged:	0.004900 per kWh
Lighting (Rates No. 41, 50 and 51):	0.009736 per kWh
Public Authority (Rates No. 40 and 43):	0.010497 per kWh

Notes:

1. The planned amortization schedule for the Fixed CTC is contained in Exhibit A to the TEP Settlement Agreement ("Fixed CTC Amortization Schedule"). The actual amortization of the fixed CTC will depend on actual retail kWh sales. To the extent that actual retail kWh sales in a given year are higher than the projected retail kWh sales for that year shown in Exhibit A, the amortization attributed to that year will be increased, decreasing the unamortized balance of fixed stranded cost that remains to be collected.
2. To the extent that actual retail kWh sales in a given year are lower than the projected retail kWh sales for that year shown in Exhibit A, the amortization attributed to that year will be less than the amount shown in Exhibit A, resulting in a higher unamortized balance than would have occurred if sales were as projected.
3. If the Floating CTC is negative in a given month, the amount of the Fixed CTC is not affected, and the Fixed CTC payment will continue to be credited toward the recovery of the remaining balance of fixed stranded cost.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

Filed by: Raymond S. Heyman

Title: Senior Vice President, General Counsel

District: Entire Electric Service Area

Tariff No. RIDER NO. 5 - CLOSED

Sheet No. 1 of 1

Revision No. _____

Effective: PENDING

TRANSMISSION CREDIT – RIDER NO. 5

Specific rates to be determined.

These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups.

For illustrative purposes, estimated rates are shown in the Transmission and Ancillary Services sections (for "Group A" customers) of the respective Direct Access tariffs.



Rider 6 - CLOSED Environmental Portfolio Surcharge

APPLICABILITY

The Environmental Portfolio Surcharge (EPS) applies to all customers in all territory served by Tucson Electric Power Company as mandated by the Arizona Corporation Commission.

SURCHARGE

The Environmental Portfolio Surcharge shall be applied to all monthly net bills at the following rates:

All kWh	\$0.000875 <i>per kWh</i>
---------	---------------------------

SURCHARGE LIMITS

The monthly total Environmental Portfolio Surcharge shall not exceed the following limits:

Residential Customers	\$0.35	<i>per service per month</i>
Non-Residential Customers	\$13.00	<i>per service per month*</i>
Non-Residential Customers with demand of 3,000 kW or higher per month for three consecutive months	\$39.00	<i>per service per month*</i>

* The EPS will not be assessed to reactive meters or accumulators.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this rate schedule.

Customer bills shall reflect a line item entitled "Environmental Portfolio Surcharge, mandated by the Corporation Commission."

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: Rider No. 6 - CLOSED
Effective: PENDING
Page No.: 1 of 1
Revision No.: Revision 1 to Original



Rider 79 - CLOSED Pricing Flexibility Rider

AVAILABILITY

Available to commercial and industrial customers qualifying for electric service under any commercial or industrial pricing plan. For purposes of determining a negotiated pricing structure ("negotiated price") for a customer pursuant to this rider, the Company and the customer shall specify a pricing plan under which the customer would be entitled to receive service ("Comparative Pricing Plan"). Availability shall be subject to the Terms and Conditions specified herein.

TERMS AND CONDITIONS OF SERVICE

1. The negotiated price must cover the Company's marginal cost, considering the expected term or duration of service and the type of service offered.
2. The negotiated price cannot exceed the Comparative Pricing Plan price.
3. A customer must document a viable alternative to receiving service under the Comparative Pricing Plan.
4. The negotiated price must be commensurate with the cost to the customer of that customer's alternative(s).
5. The customer must agree to an energy audit unless the customer has recently completed a significant DSM program or energy audit and provides the Company with adequate documentation concerning the DSM activities or audit.
6. Each service under this rider shall be evidenced by a contract. The contract may be for varying lengths of time as determined by individual customer or Company requirements. Each executed contract shall be filed with the Commissioners, Staff and RUCO, on a confidential basis, at least 30 days prior to the effective date of the proposed contract and Staff shall determine whether the contract complies with the pricing plan prior to the effective date. Staff shall be provided with adequate documentation and support of each term listed in this rider (e.g., the customer's alternatives) before the 30-day review period commences. If the negotiated contract complies with the tariff, the contract would not be submitted to the Commission for approval, unless a Commissioner requests a formal vote. The Company and Staff may agree on standardized contracts for qualifying customers under 200 kW. To the extent that negotiated contract elements adhere to such a standardized contract, the Company may implement the negotiated elements without Commission approval, unless a Commissioner requests a formal vote. The Company shall notify Staff and RUCO of such contracts by providing a term sheet acceptable to TEP, Staff and RUCO.
7. The Company's shareholders shall be responsible for any foregone revenue resulting from the rider.
8. The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rate schedule.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: Rider 79 - CLOSED
Effective: PENDING
Page No.: 1 of 1



Rider 84 - CLOSED Interruptible Service Rider

AVAILABILITY

Available to customers receiving and qualifying for electric service under pricing plans applicable to service over 200 kW. .

CHARACTER OF SERVICE

Must meet all service requirements for the applicable pricing plan.

DISCOUNT

Customers that elect service under this rider will receive a credit (discount) on their bills.

TERMS AND CONDITIONS OF SERVICE

1. A customer qualifying for service as a Large Light & Power customer (greater than or equal to ,3000 kW) service shall contract for a demand of not less than 1,000 kW; a customer qualifying as a Large General Service (greater than or equal to 200 kW but less than 3,000 kW) shall contract for a demand of not less than 200 kW.
2. The customer must give the Company three years' notice to convert interruptible load to firm load.
3. Customers that elect service under this rider will receive a credit (discount) on their bills. The discount, the maximum number of interruptions per year, the time interval in which customer must comply with Company's request for load reduction, the penalty for customer's failure to comply, and the term of contract will be negotiated on a customer by customer basis.
4. The interruptible load shall be served and metered as provided for in the contract.
5. Company shall not be liable for any loss or damage caused by or resulting from any interruption of service.
6. The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rate schedule.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: Rider 84 - CLOSED
Effective: PENDING
Page No.: 1 of 1

TARIFFS

REDLINED VERSION

TUCSON ELECTRIC POWER COMPANY TARIFFS, RIDERS AND ADJUSTORS REDLINE

Current and Proposed Pricing Plans	Current Pricing Plans	Proposed Pricing Plans
RESIDENTIAL LIFELINE		
Residential Lifeline Senior Discount	R-04 - FROZEN	CLOSED
Residential Lifeline Senior Discount		R-04-01F - FROZEN
Residential Lifeline Senior Discount		R-04-21F - FROZEN
Residential Lifeline Senior Discount		R-04-70F - FROZEN
Residential Lifeline Discount	R-05 - FROZEN	CLOSED
Residential Lifeline Discount		R-05-01F - FROZEN
Residential Lifeline Discount		R-05-21F - FROZEN
Residential Lifeline Discount		R-05-70F - FROZEN
Residential Lifeline Discount		R-05-201AF - FROZEN
Residential Lifeline Discount		R-05-201BF - FROZEN
Residential Lifeline Discount	R-06	CLOSED
Residential Lifeline Discount		R-06-01
Residential Lifeline Discount		R-06-21F - FROZEN
Residential Lifeline Discount		R-06-70
Residential Lifeline Discount		R-06-201A
Residential Lifeline Discount		R-06-201B
Residential Lifeline Discount		R-06-201C
Residential Lifeline/Medical Life-Support Discount	R-08	CLOSED
Residential Lifeline/Medical Life-Support Discount		R-08-01
Residential Lifeline/Medical Life-Support Discount		R-08-21F - FROZEN
Residential Lifeline/Medical Life-Support Discount		R-08-70
Residential Lifeline/Medical Life-Support Discount		R-08-201A
Residential Lifeline/Medical Life-Support Discount		R-08-201B
Residential Lifeline/Medical Life-Support Discount		R-08-201C
RESIDENTIAL		
Residential Electric Service	R-01	R-01
Residential Electric Water Heating Service - Frozen	R-02F - FROZEN	R-02F - FROZEN
Residential Time-of-Use	R-21F - FROZEN	R-21F - FROZEN
Residential Time-of-Use	R-70	R-70F - FROZEN
Special Residential Electric Service	R-201A	R-201AF - FROZEN
Special Residential Electric Service	R-201B	R-201BF - FROZEN
Special Residential Electric Service	R-201C	R-201CF - FROZEN
Special Residential Schedule No. 208 Heating, Cooling & Comfort Guarantee	R-208	R-208
GENERAL SERVICE - COMMERCIAL		
General Service	GS-10	GS-10
General Service Time-of-Use	GS-76	GS-76F - FROZEN
Interruptible Agricultural Pumping Service	GS-31	GS-31
Mobile Home Park Electric Service	GS-11	GS-11F - FROZEN
Large General Service	LGS-13	LGS-13
Large General Service Time-of-Use	GS-85A	LGS-85AF - FROZEN
Large General Service Time-of-Use	GS-85F - FROZEN	LGS-85F - FROZEN

TUCSON ELECTRIC POWER COMPANY TARIFFS, RIDERS AND ADJUSTORS REDLINE

Current and Proposed Pricing Plans	Current Pricing Plans	Proposed Pricing Plans
LARGE LIGHT AND POWER - INDUSTRIAL		
Large Light and Power Service	LLP-14	LLP-14
Large Light and Power Service Time-of-Use	LLP-90A	LLP-90AF - FROZEN
Large Light and Power Service Time-of-Use	LLP-90F - FROZEN	LLP-90F - FROZEN
PUBLIC AUTHORITY & STREET/HIGHWAY LIGHTING		
Traffic Signals and Street Lighting Service	PS-41 (includes PS-47)	PS-41 (includes PS-47)
Municipal Service	PS-40	PS-40
Municipal Water Pumping Service	PS-43	PS-43
Public Street Lighting Service	PS-50	PS-50
Private Street and Area Lighting Service	GS-51 (includes GS-52)	GS-51 (includes GS-52)
PARTIAL REQUIREMENTS		
General Service - Partial Requirements Service Less Than 200 kW	PRS-10	PRS-10
Large General Service - Partial Requirements Service From 200 kW to Less Than 3,000 kW	PRS-13	PRS-13
Large Light and Power - Partial Requirements Service 3,000 kW and Greater	PRS-14	PRS-14
Non-Firm Power Purchase from Renewable Energy Resources and Qualifying Cogeneration Facilities of 100 kW or Less Capacity	PRS-101	PRS-101
Firm Power Purchase from Renewable Energy Resources and Qualifying Cogeneration Facilities of 100 kW or Less Capacity	PRS-102	CLOSED
Supplementary, Backup, Maintenance and Interruptible Service for Cogeneration and Small Power Production Qualifying Facilities (QF) under 100 kW	PRS-103	CLOSED
Optional Supplementary Service for Cogeneration and Small Power Production Qualifying Facilities (QF) over 100 kW	PRS-104	CLOSED
Optional Maintenance Service for Cogeneration and Small Power Production Qualifying Facilities (QF) over 100 kW	PRS-105	CLOSED
Optional Backup Service for Cogeneration and Small Power Production Qualifying Facilities (QF) over 100 kW	PRS-106	CLOSED
Optional Backup Energy Service for Self-Generation Facilities over 3 MW	PRS-107	CLOSED
Optional Maintenance Energy Service for Self-Generation Facilities over 3 MW	PRS-108	CLOSED
RIDERS AND OTHER		
Market Generation Credit (MGC) Calculation	MGC-1	MGC-1
Market Generation Credit (MGC) Calculation for PRS	MGC-2	MGC-2
GreenWatts	Rider 17	Rider 17
Adder Associated with Direct Access	Rider 1	CLOSED
Must-Run Generation	Rider 2	CLOSED
Transmission and Ancillary Services	Rider 3	CLOSED
Fixed CTC by Class	Rider 4	CLOSED
Transmission Credit	Rider 5	CLOSED
Environmental Portfolio Surcharge	Rider 6	CLOSED
Pricing Flexibility Rider	Rider 79	CLOSED
Interruptible Service Rider	Rider 84	CLOSED



Pricing Plan R-04 (Frozen Rate) - CLOSED
Residential Lifeline/Senior Discount

AVAILABILITY

In all territory served by Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the premises served. This program shall be available to new customers until the start of retail electric competition in the Company's service territory. Thereafter, this program shall be closed to new customers. Lifeline and Senior Lifeline programs shall be addressed under the Company's Rate No. 6 after the start of retail electric competition. Customers who subscribe to Rate No. 4 or 5 prior to the start of retail electric competition shall, at their option, be grandfathered under this program. This program may be terminated upon Arizona Corporation Commission approval.

APPLICABILITY

To electric service qualifying for billing under Residential Rate No. 01, Residential Time-of-Use Rate No. 21, or Residential Time-of-Use Rate No. 70, where the customer also has qualified for Rate No. 4 as specified in the Company's plan for administration. All provisions of Rate No. 01, Rate No. 21, or Rate No. 70 will apply except as modified herein. This discount is also available to tenants of master metered mobile home parks and apartments. The applicant must be 65 years of age, or older, to qualify.

MONTHLY BILL

The monthly bill shall be in accordance with the Rate No. 01, Rate No. 21, or Rate No. 70 schedule except:

For Bills with Usage of:	The Total Bill (before Taxes and Regulatory Assessments) Will Be Discounted by:
0 - 300 kWh	35%
301 - 600 kWh	30%
601 - 1000 kWh	25%
1001 - 1500 kWh	15%
Over 1500 kWh	0%

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Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-04 - CLOSED
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Page No.: 1 of 1



Pricing Plan R-04-01F (FROZEN) Residential Lifeline/Senior Discount

AVAILABILITY

This pricing plan is frozen to existing customers at existing sites or delivery points. New customers, including current customers who move, are not eligible for service under this pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

APPLICABILITY

To all single phase or three phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter; however, electric water heating may be metered separately. This discount is also available to tenants of master metered mobile home parks and apartments. The applicant must be 65 years of age, or older, to qualify.

Not applicable to resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill	\$ 4.90 per month
Customer Charge, Three Phase service and minimum bill	\$12.26 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge	
Summer (May - October)	\$0.090921 per kWh
Winter, (November - April)	\$0.078970 per kWh

Monthly Discount:

For Bills with Usage of:	The Total Bill (before Taxes and Regulatory Assessments) Will Be Discounted by:
0 - 300 kWh	35%
301 - 600 kWh	30%
601 - 1000 kWh	25%
1001 - 1500 kWh	15%
Over 1500 kWh	0%

Deleted: In all territory served by Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the premises served. This program shall be available to new customers until the start of retail electric competition in the Company's service territory. Thereafter, this program shall be closed to new customers. Lifeline and Senior Lifeline programs shall be addressed under the Company's Rate No. 6 after the start of retail electric competition. Customers who subscribe to Rate No. 4 or 5 prior to the start of retail electric competition shall, at their option, be grandfathered under this program. This program may be terminated upon Arizona Corporation Commission approval.

Deleted: To electric service qualifying for billing under Residential Rate No. 01, Residential Time-of-Use Rate No. 21, or Residential Time-of-Use Rate No. 70, where the customer also has qualified for Rate No. 4 as specified in the Company's plan for administration. All provisions of Rate No. 01, Rate No. 21, or Rate No. 70 will apply except as modified herein. This discount is also available to tenants of master metered mobile home parks and apartments. The applicant must be 65 years of age, or older, to qualify.

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District: Entire Electric Service Area

Tariff No.: R-04-01F (FROZEN)
Effective: PENDING
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Pricing Plan R-04-01F (FROZEN)
Residential Lifeline/Senior Discount

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charge:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$1.59 per month
Customer Delivery	\$1.00 per month

Note: Additional meter services charge of \$7.36 per month for Three Phase Service.

Energy Charges (kWh):

Delivery Charge	
Summer	\$0.010823 per kWh
Winter	\$0.009039 per kWh
Generation Capacity	
Summer	\$0.032938 per kWh
Winter	\$0.030271 per kWh
Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh
Transmission	\$0.007525 per kWh
Transmission Ancillary Services	
System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	
Fuel and Purchased Power	
Summer	\$0.033198 per kWh
Winter	\$0.025698 per kWh

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-04-01F (FROZEN)
Effective: PENDING
Page No.: 2 of 3



Pricing Plan R-04-01F (FROZEN)
Residential Lifeline/Senior Discount

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-04-01F (FROZEN)
Effective: PENDING
Page No.: 3 of 3



Pricing Plan R-04-21F (FROZEN)
Residential Lifeline/Senior Discount

AVAILABILITY

This pricing plan is frozen to existing customers at existing sites or delivery points. New customers, including current customers who move, are not eligible for service under this pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

APPLICABILITY

To all single phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter; however, electric water heating may be metered separately. The discount is also available to tenants of master metered mobile home parks and apartments. The applicant must be 65 years of age, or older, to qualify.

Not applicable to three phase service, resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill \$6.86 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.125413	\$0.099018
Off-Peak	\$0.050165	\$0.050165

Summer On-Peak Period: 10:00 a.m. to 10:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day).

Winter On-Peak Period: 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day).

All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

Deleted: To electric service qualifying for billing under Residential Rate No. 01, Residential Time-of-Use Rate No. 21, or Residential Time-of-Use Rate No. 70, where the customer also has qualified for Rate No. 4 as specified in the Company's plan for administration. All provisions of Rate No. 01, Rate No. 21, or Rate No. 70 will apply except as modified herein. This discount is also available to tenants of master metered mobile home parks and apartments. The applicant must be 65 years of age, or older, to qualify.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-04-21F (FROZEN)
Effective: PENDING
Page No.: 1 of 3



Pricing Plan R-04-21F (FROZEN)
Residential Lifeline/Senior Discount

Monthly Discount

The following monthly discount applies to the rate incorporated in this pricing plan.

For Bills with Usage of:	The Total Bill (before Taxes and Regulatory Assessments) Will Be Discounted by:
0 - 300 kWh	35%
301 - 600 kWh	30%
601 - 1000 kWh	25%
1001 - 1500 kWh	15%
Over 1500 kWh	0%

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charge:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$1.26 per month

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.)

Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	(\$0.035469)	(\$0.021385)
Off-Peak	(\$0.000954)	\$0.001546

Generation Capacity

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.093722	\$0.065743
Off-Peak	\$0.013959	\$0.013959

Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh
Transmission	\$0.007525 per kWh
Transmission Ancillary Services	
System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh

Filed By: Raymond S. Heyman
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District: Entire Electric Service Area

Tariff No.: R-04-21F (FROZEN)
Effective: PENDING
Page No.: 2 of 3



Pricing Plan R-04-21F (FROZEN)
Residential Lifeline/Senior Discount

Spinning Reserve Service \$0.001055 per kWh
Supplemental Reserve Service \$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.

Fuel and Purchased Power

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.053198	\$0.040698
Off-Peak	\$0.023198	\$0.020698

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
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District: Entire Electric Service Area

Tariff No.: R-04-21F (FROZEN)
Effective: PENDING
Page No.: 3 of 3



Pricing Plan R-04-70F (FROZEN) Residential Lifeline/Senior Discount

AVAILABILITY

This pricing plan is frozen to existing customers at existing sites or delivery points. New customers, including current customers who move, are not eligible for service under this pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

APPLICABILITY

To all single phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter; however, electric water heating may be metered separately. This discount is also available to tenants of master metered mobile home parks and apartments. The applicant must be 65 years of age, or older, to qualify.

Not applicable to resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill \$6.78 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge:

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.184171	\$0.126011
Shoulder-Peak	\$0.116318	N/A
Off-Peak	\$0.058160	\$0.043619

The summer On-Peak period is 1:00 p.m. to 6:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The summer Shoulder period is 6:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day).

The winter On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

Deleted: Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises. This program shall be available to new customers until the start of retail electric competition in the Company's service territory. Thereafter, this program shall be closed to new customers. Lifeline and Senior Lifeline programs shall be addressed under the Company's Rate No. 6 after the start of retail electric competition. Customers who subscribe to Rate No. 4 or 5 prior to the start of retail electric competition shall, at their option, be grandfathered under this program. This program may be terminated upon Arizona Corporation Commission approval.¶

Deleted: To electric service qualifying for billing under Residential Rate No. 01, Residential Time-of-Use Rate No. 21, or Residential Time-of-Use Rate No. 70, where the customer also has qualified for Rate No. 4 as specified in the Company's plan for administration. All provisions of Rate No. 01, Rate No. 21, or Rate No. 70 will apply except as modified herein. This discount is also available to tenants of master metered mobile home parks and apartments. The applicant must be 65 years of age, or older, to qualify.¶

Deleted: or three phase

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-04-70F (FROZEN)
Effective: PENDING
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Pricing Plan R-04-70F (FROZEN)
Residential Lifeline/Senior Discount

Monthly Discount:

For Bills with Usage of:	The Total Bill (before Taxes and Regulatory Assessments) Will Be Discounted by:
0 - 300 kWh	35%
301 - 600 kWh	30%
601 - 1000 kWh	25%
1001 - 1500 kWh	15%
Over 1500 kWh	0%

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charge:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$1.18 per month

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.).

Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	(\$0.051182)	\$0.054643
Shoulder-Peak	(\$0.039611)	N/A
Off-Peak	(\$0.011122)	(\$0.005085)

Generation Capacity

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.165693	\$0.016708
Shoulder-Peak	\$0.093769	N/A
Off-Peak	\$0.032122	\$0.014044

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Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh
Transmission	\$0.007525 per kWh
Transmission Ancillary Services	
System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh

Filed By: Raymond S. Heyman
 Title: Senior Vice President, General Counsel
 District: Entire Electric Service Area

Tariff No.: R-04-70F (FROZEN)
 Effective: PENDING
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Pricing Plan R-04-70F (FROZEN)
Residential Lifeline/Senior Discount

Spinning Reserve Service \$0.001055 per kWh
Supplemental Reserve Service \$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.

Fuel and Purchased Power

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.055698	\$0.040698
Shoulder-Peak	\$0.048198	N/A
Off-Peak	\$0.023198	\$0.020698

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-04-70F (FROZEN)
Effective: PENDING
Page No.: 3 of 3



Pricing Plan R-05 (Frozen Rate) - **CLOSED**
Residential Lifeline Discount

AVAILABILITY

In all territory served by Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the premises served. This program shall be available to new customers until the start of retail electric competition in the Company's service territory. Thereafter, this program shall be closed to new customers. Lifeline and Senior Lifeline programs shall be addressed under the Company's Rate No. 6 after the start of retail electric competition. Customers who subscribe to Rate No. 4 or 5 prior to the start of retail electric competition shall, at their option, be grandfathered under this program. This program may be terminated upon Arizona Corporation Commission approval.

APPLICABILITY

To electric service qualifying for billing under Residential Rate No. 01, Residential Time-of-Use Rate No. 21, or Residential Time-of-Use Rate No. 70 where the customer also has qualified for Rate No. 5 as specified in the Company's plan for administration. All provisions of Rate No. 01, Rate No. 21, or Rate No. 70 will apply except as modified herein. This discount is also available to tenants of master metered mobile home parks and apartments.

MONTHLY BILL

The monthly bill shall be in accordance with the Rate No. 01, Rate No. 21, or Rate No. 70 schedule except:

For Bills with Usage of:	The Total Bill (before Taxes and Regulatory Assessments) Will Be Discounted by:
0 - 300 kWh	25%
301 - 600 kWh	20%
601 - 1000 kWh	15%
Over 1000 kWh	0%

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Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-05 - **CLOSED**
Effective: PENDING
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Pricing Plan R-05-01F (FROZEN)
Residential Lifeline Discount

AVAILABILITY

This pricing plan is frozen to existing customers at existing sites or delivery points. New customers, including current customers who move, are not eligible for service under this pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

APPLICABILITY

To all single phase or three phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter; however, electric water heating may be metered separately. This discount is also available to tenants of master metered mobile home parks and apartments. The applicant must be 65 years of age, or older, to qualify.

Not applicable to resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill	\$ 4.90 per month
Customer Charge, Three Phase service and minimum bill	\$12.26 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge	
Summer (May - October)	\$0.090921 per kWh
Winter, (November - April)	\$0.078970 per kWh

Monthly Discount:

For Bills with Usage of:	The Total Bill (before Taxes and Regulatory Assessments) Will Be Discounted by:
0 - 300 kWh	25%
301 - 600 kWh	20%
601 - 1000 kWh	15%
Over 1000 kWh	0%

Deleted: In all territory served by Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the premises served. This program shall be available to new customers until the start of retail electric competition in the Company's service territory. Thereafter, this program shall be closed to new customers. Lifeline and Senior Lifeline programs shall be addressed under the Company's Rate No. 6 after the start of retail electric competition. Customers who subscribe to Rate No. 4 or 5 prior to the start of retail electric competition shall, at their option, be grandfathered under this program. This program may be terminated upon Arizona Corporation Commission approval.¶

APPLICABILITY¶

¶ To electric service qualifying for billing under Residential Rate No. 01, Residential Time-of-Use Rate No. 21, or Residential Time-of-Use Rate No. 70 where the customer also has qualified for Rate No. 5 as specified in the Company's plan for administration. All provisions of Rate No. 01, Rate No. 21, or Rate No. 70 will apply except as modified herein. This discount is also available to tenants of master metered mobile home parks and apartments.¶

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-05-01F (FROZEN)
Effective: PENDING
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Pricing Plan R-05-01F (FROZEN)
Residential Lifeline Discount

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$1.59 per month
Customer Delivery	\$1.00 per month

Note: Additional meter service charge of \$7.36 per month for Three Phase Service.

Energy Charges (kWh):

Delivery Charge	
Summer	\$0.010823 per kWh
Winter	\$0.009039 per kWh

Generation Capacity	
Summer	\$0.032938 per kWh
Winter	\$0.030271 per kWh

Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh

Transmission	\$0.007525 per kWh
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Transmission Ancillary Services

System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Fuel and Purchased Power

Summer	\$0.033198 per kWh
Winter	\$0.025698 per kWh

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-05-01F (FROZEN)
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Pricing Plan R-05-01F (FROZEN)
Residential Lifeline Discount

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-05-01F (FROZEN)
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Pricing Plan R-05-21F (FROZEN) Residential Lifeline Discount

AVAILABILITY

This pricing plan is frozen to existing customers at existing sites or delivery points. New customers, including current customers who move, are not eligible for service under this pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

APPLICABILITY

To all single phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter; however, electric water heating may be metered separately.

Not applicable to three phase service, resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill \$6.86 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.125413	\$0.099018
Off-Peak	\$0.050165	\$0.050165

Summer On-Peak Period: 10:00 a.m. to 10:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day).

Winter On-Peak Period: 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day).

All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

Deleted: In all territory served by Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the premises served. This program shall be available to new customers until the start of retail electric competition in the Company's service territory. Thereafter, this program shall be closed to new customers. Lifeline and Senior Lifeline programs shall be addressed under the Company's Rate No. 6 after the start of retail electric competition. Customers who subscribe to Rate No. 4 or 5 prior to the start of retail electric competition shall, at their option, be grandfathered under this program. This program may be terminated upon Arizona Corporation Commission approval.¶

APPLICABILITY¶

To electric service qualifying for billing under Residential Rate No. 01, Residential Time-of-Use Rate No. 21, or Residential Time-of-Use Rate No. 70 where the customer also has qualified for Rate No. 5 as specified in the Company's plan for administration. All provisions of Rate No. 01, Rate No. 21, or Rate No. 70 will apply except as modified herein. This discount is also available to tenants of master metered mobile home parks and apartments.¶

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-05-21F (FROZEN)
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Pricing Plan R-05-21F (FROZEN)
Residential Lifeline Discount

Monthly Discount:

The following monthly discount applies to the rate incorporated in this pricing plan. The discount is also available to tenants of master metered mobile home parks and apartments.

For Bills with Usage of:	The Total Bill (before Taxes and Regulatory Assessments) Will Be Discounted by:
0 - 300 kWh	25%
301 - 600 kWh	20%
601 - 1000 kWh	15%
Over 1000 kWh	0%

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charge:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$1.26 per month

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.)

Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	(\$0.035469)	(\$0.021385)
Off-Peak	(\$0.000954)	\$0.001546

Generation Capacity

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.093722	\$0.065743
Off-Peak	\$0.013959	\$0.013959

Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh
Transmission	\$0.007525 per kWh

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-05-21F (FROZEN)
Effective: PENDING
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**Pricing Plan R-05-21F (FROZEN)
Residential Lifeline Discount**

Transmission Ancillary Services

System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Fuel and Purchased Power

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.053198	\$0.040698
Off-Peak	\$0.023198	\$0.020698

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-05-21F (FROZEN)
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Pricing Plan R-05-70F (FROZEN) Residential Lifeline Discount

AVAILABILITY

This pricing plan is frozen to existing customers at existing sites or delivery points. New customers, including current customers who move, are not eligible for service under this pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

APPLICABILITY

To all single phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter; however, electric water heating may be metered separately. This discount is also available to tenants of master metered mobile home parks and apartments.

Not applicable to resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill \$6.78 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge:

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.184171	\$0.126011
Shoulder-Peak	\$0.116318	N/A
Off-Peak	\$0.058160	\$0.043619

The summer On-Peak period is 1:00 p.m. to 6:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The summer Shoulder period is 6:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day).

The winter On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

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Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-05-70F (FROZEN)
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Deleted: In all territory served by Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the premises served. This program shall be available to new customers until the start of retail electric competition in the Company's service territory. Thereafter, this program shall be closed to new customers. Lifeline and Senior Lifeline programs shall be addressed under the Company's Rate No. 6 after the start of retail electric competition. Customers who subscribe to Rate No. 4 or 5 prior to the start of retail electric competition shall, at their option, be grandfathered under this program. This program may be terminated upon Arizona Corporation Commission approval.

APPLICABILITY

To electric service qualifying for billing under Residential Rate No. 01, Residential Time-of-Use Rate No. 21, or Residential Time-of-Use Rate No. 70 where the customer also has qualified for Rate No. 5 as specified in the Company's plan for administration. All provisions of Rate No. 01, Rate No. 21, or Rate No. 70 will apply except as modified herein. This discount is also available to tenants of master metered mobile home parks and apartments.

Deleted: or three phase



Pricing Plan R-05-70F (FROZEN) Residential Lifeline Discount

Monthly Discount:

For Bills with Usage of:	The Total Bill (before Taxes and Regulatory Assessments) Will Be Discounted by:
0 - 300 kWh	25%
301 - 600 kWh	20%
601 - 1000 kWh	15%
Over 1000 kWh	0%

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$1.26 per month

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.)

Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	(\$0.051182)	\$0.054643
Shoulder-Peak	(\$0.039611)	N/A
Off-Peak	(\$0.011122)	(\$0.005085)

Generation Capacity

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.165693	\$0.016708
Shoulder-Peak	\$0.093769	N/A
Off-Peak	\$0.032122	\$0.014044

Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh

Transmission	\$0.007525 per kWh
Transmission Ancillary Services	
System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-05-70F (FROZEN)
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Pricing Plan R-05-70F (FROZEN) Residential Lifeline Discount

Supplemental Reserve Service \$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.

Fuel and Purchased Power

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.055698	\$0.040698
Shoulder-Peak	\$0.048198	N/A
Off-Peak	\$0.023198	\$0.020698

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

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Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-05-70F (FROZEN)
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Pricing Plan R-05-201AF (FROZEN) Residential Lifeline Discount

AVAILABILITY

This pricing plan is frozen to existing customers at existing sites or delivery points. New customers, including current customers who move, are not eligible for service under this pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

APPLICABILITY

To single phase or three phase (subject to availability at point of delivery) electric service in individual residences as described in current program details when all service is supplied at one point of delivery and energy is metered through one meter. Additionally, this pricing plan requires that the customer use exclusively the Company's service for all space heating and all water heating energy requirements except as provided below and that the customer's home conform to the standards of the Heating, Cooling and Comfort Guarantee program as in effect at the time of subscription to this pricing plan. Notwithstanding the above, the customer's use of solar energy for any purpose shall not preclude subscription to this pricing plan.

This discount is also available to tenants of master metered mobile home parks and apartments.

Not applicable to resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase Service and minimum bill,	\$ 4.90 per month
Customer Charge, Three Phase Service and minimum bill,	\$12.26 per month
Delivery Charge	
Mid-summer season of June 1 - August 31	\$0.090920 per kWh
Remaining summer season of May 1 - May 31 & September 1 - October 31	\$0.074191 per kWh
Winter season of November 1 - April 30	\$0.064440 per kWh

Monthly Discount

For Bills with Usage of:	The Total Bill (before Taxes and Regulatory Assessments) Will Be Discounted by:
0 - 300 kWh	25%
301 - 600 kWh	20%
601 - 1000 kWh	15%
Over 1000 kWh	0%

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Deleted: To electric service qualifying for billing under Residential Rate No. 01, Residential Time-of-Use Rate No. 21, or Residential Time-of-Use Rate No. 70 where the customer also has qualified for Rate No. 5 as specified in the Company's plan for administration. All provisions of Rate No. 01, Rate No. 21, or Rate No. 70 will apply except as modified herein. This discount is also available to tenants of master metered mobile home parks and apartments.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-05-201AF (FROZEN)
Effective: PENDING
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Pricing Plan R-05-201AF (FROZEN)
Residential Lifeline Discount

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charge:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$1.59 per month
Customer Delivery	\$1.00 per month

Note: Additional meter service charge of \$7.36 per month for Three Phase Service.

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.):

Delivery Charge	
Mid-summer season	\$0.009107 per kWh
Remaining-summer season	(\$0.007622) per kWh
Winter season	(\$0.002347) per kWh
Generation Capacity	
Mid-summer season	\$0.034653 per kWh
Remaining-summer season	\$0.034653 per kWh
Winter season	\$0.027127 per kWh
Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh
Transmission	\$0.007525 per kWh
Transmission Ancillary Services	
System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service:	currently charged pursuant to the Company's OATT.
Fuel and Purchased Power	
Mid-summer season	\$0.033198 per kWh
Remaining-summer season	\$0.033198 per kWh
Winter season	\$0.025698 per kWh

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-05-201AF (FROZEN)
Effective: PENDING
Page No.: 2 of 3



Pricing Plan R-05-201AF (FROZEN)
Residential Lifeline Discount

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-05-201AF (FROZEN)
Effective: PENDING
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Pricing Plan R-05-201BF (FROZEN) Residential Lifeline Discount

AVAILABILITY

This pricing plan is frozen to existing customers at existing sites or delivery points. New customers, including current customers who move, are not eligible for service under this pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

APPLICABILITY

To single phase (subject to availability at point of delivery) electric service in individual residences as described in current program details when all service is supplied at one point of delivery and energy is metered through one meter. Additionally, this pricing plan requires that the customer use exclusively the Company's service for all space heating and all water heating energy requirements except as provided below and that the customer's home conform to the standards of the Heating, Cooling and Comfort Guarantee program as in effect at the time of subscription to this pricing plan. Notwithstanding the above, the customer's use of solar energy for any purpose shall not preclude subscription to this pricing plan.

Not applicable to resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase Service and minimum bill, \$ 6.78 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.184171	\$0.146415	\$0.100179
Shoulder	\$0.116318	\$0.092473	N/A
Off-Peak	\$0.058160	\$0.046236	\$0.034673

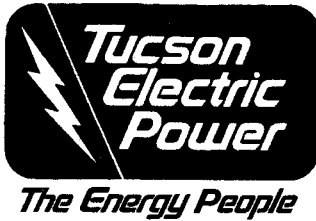
The Company has the option to price service in the billing months of May and October at lower levels, which levels shall not be less than marginal cost. Any shoulder consumption remaining from October usage will be billed at the shoulder summer shoulder price in following billing months.

The summer On-Peak period is 1:00 p.m. to 6:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The summer Shoulder period is 6:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day).

The winter On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-05-201BF (FROZEN)
Effective: PENDING
Page No.: 1 of 3



**Pricing Plan R-05-201BF (FROZEN)
Residential Lifeline Discount**

Monthly Discount:

For Bills with Usage of:	The Total Bill (before Taxes and Regulatory Assessments) Will Be Discounted by:
0 - 300 kWh	25%
301 - 600 kWh	20%
601 - 1000 kWh	15%
Over 1000 kWh	0%

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charge:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$1.18 per month

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.)

Delivery Charge

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.068658	\$0.030902	\$0.011726
Shoulder	\$0.014335	(\$0.009510)	N/A
Off-Peak	\$0.001276	(\$0.010648)	(\$0.017701)

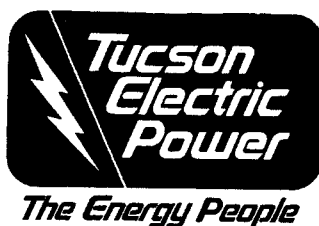
Generation Capacity

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.045853	\$0.045853	\$0.033793
Shoulder	\$0.039823	\$0.039823	N/A
Off-Peak	\$0.019724	\$0.019724	\$0.017714

Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh
Transmission	\$0.007525 per kWh

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-05-201BF (FROZEN)
Effective: PENDING
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Pricing Plan R-05-201BF (FROZEN) Residential Lifeline Discount

Transmission Ancillary Services

System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Fuel and Purchased Power

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.055698	\$0.055698	\$0.040698
Shoulder	\$0.048198	\$0.048198	N/A
Off-Peak	\$0.023198	\$0.023198	\$0.020698

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-05-201BF (FROZEN)
Effective: PENDING
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Pricing Plan R-06 - CLOSED
Residential Lifeline Discount

AVAILABILITY

In all territory served by Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the premises served.

APPLICABILITY

To electric service qualifying for billing under Residential Rate No. 01, Residential Time-of-Use Rate No. 21, or Residential Time-of-Use Rate No. 70 where the customer also has qualified for Rate No. 5 as specified in the Company's plan for administration. All provisions of Rate No. 01, Rate No. 21, or Rate No. 70 will apply except as modified herein. This discount is also available to tenants of master metered mobile home parks and apartments.

MONTHLY BILL

The monthly bill shall be in accordance with the Rate No. 01, Rate No. 21, or Rate No. 70 schedule except that a discount of \$8.00 per month shall be applied. The minimum bill shall be the customer charge under Rate No. 01, Rate No. 21, or Rate No. 70 as applicable.

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Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-06 - CLOSED
Effective: PENDING
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Pricing Plan R-06-01
Residential Lifeline Discount

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AVAILABILITY

Throughout the entire area where facilities of the Company are of adequate capacity and are adjacent to the premise.

APPLICABILITY

To electric service qualifying for billing under Residential R-06-01 and where the customer also has qualified for Rate No. 5 as specified in the Company's plan for administration.

To all single phase or three phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter; however, electric water heating may be metered separately. This discount is also available to tenants of master metered mobile home parks and apartments. The applicant must be 65 years of age, or older, to qualify.

Not applicable to resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill	\$ 4.90 per month
Customer Charge, Three Phase service and minimum bill	\$12.26 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge	
Summer (May - October)	\$0.090921 per kWh
Winter, (November - April)	\$0.078970 per kWh

Monthly Discount:

The monthly bill shall be in accordance to the rate above except that a discount of \$8.00 per month shall be applied.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charge:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$1.59 per month
Customer Delivery	\$1.00 per month

Note: Additional meter service charge of \$7.36 per month for Three Phase Service.

Deleted: Rate No. 01, Residential Time-of-Use Rate No. 21, or Residential Time-of-Use Rate No. 70

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Deleted: All provisions of Rate No. 01, Rate No. 21, or Rate No. 70 will apply except as modified herein.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-06-01
Effective: PENDING
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Pricing Plan R-06-01
Residential Lifeline Discount

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Energy Charges (kWh):

Delivery Charge	
Summer	\$0.010823 per kWh
Winter	\$0.009039 per kWh

Generation Capacity	
Summer	\$0.032938 per kWh
Winter	\$0.030271 per kWh

Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh

Transmission	\$0.007525 per kWh
Transmission Ancillary Services	
System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Fuel and Purchased Power	
Summer	\$0.033198 per kWh
Winter	\$0.025698 per kWh

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-06-01
Effective: PENDING
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Pricing Plan R-06-01 Residential Lifeline Discount

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ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-06-01
Effective: PENDING
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Pricing Plan R-06-21F (FROZEN) Residential Lifeline Discount

AVAILABILITY

This pricing plan is frozen to existing customers at existing sites or delivery points. New customers, including current customers who move, are not eligible for service under this pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

APPLICABILITY

To all single phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter; however, electric water heating may be metered separately.

Not applicable to three phase service, resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill \$6.86 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.125413	\$0.099018
Off-Peak	\$0.050165	\$0.050165

Summer On-Peak Period: 10:00 a.m. to 10:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day).

Winter On-Peak Period: 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day).

All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

Monthly Discount:

The monthly bill shall be in accordance to the rate above except that a discount of \$8.00 per month shall be applied. The discount is also available to tenants of master metered mobile home parks and apartments.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-06-21F (FROZEN)
Effective: PENDING
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Pricing Plan R-06-21F (FROZEN)
Residential Lifeline Discount

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charge:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$1.26 per month

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.).

Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	(\$0.035469)	(\$0.021385)
Off-Peak	(\$0.000954)	\$0.001546

Generation Capacity

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.093722	\$0.065743
Off-Peak	\$0.013959	\$0.013959

Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh

Transmission	\$0.007525 per kWh
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Transmission Ancillary Services

System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Fuel and Purchased Power

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.053198	\$0.040698
Off-Peak	\$0.023198	\$0.020698

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-06-21F (FROZEN)
Effective: PENDING
Page No.: 2 of 3



Pricing Plan R-06-21F (FROZEN)
Residential Lifeline Discount

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DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-06-21F (FROZEN)
Effective: PENDING
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Pricing Plan R-06-70 Residential Lifeline Discount

AVAILABILITY

Throughout the entire area where facilities of the Company are of adequate capacity and are adjacent to the premise.

APPLICABILITY

To all single phase or three phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter; however, electric water heating may be metered separately. This discount is also available to tenants of master metered mobile home parks and apartments.

Not applicable to resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill \$6.78 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge:

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.184171	\$0.126011
Shoulder-Peak	\$0.116318	N/A
Off-Peak	\$0.058160	\$0.043619

The summer On-Peak period is 1:00 p.m. to 6:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The summer Shoulder period is 6:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The winter On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

Monthly Discount:

The monthly bill shall be in accordance to the rate above except that a discount of \$8.00 per month shall be applied. The minimum bill shall be the customer charge under this pricing plan of \$4.90.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-06-70
Effective: PENDING
Page No.: 1 of 3



Pricing Plan R-06-70 Residential Lifeline Discount

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$1.26 per month

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.)

Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	(\$0.051182)	\$0.054643
Shoulder-Peak	(\$0.039611)	N/A
Off-Peak	(\$0.011122)	(\$0.005085)

Generation Capacity

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.165693	\$0.016708
Shoulder-Peak	\$0.093769	N/A
Off-Peak	\$0.032122	\$0.014044

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Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh

Transmission	\$0.007525 per kWh
Transmission Ancillary Services	
System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Fuel and Purchased Power

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.055698	\$0.040698
Shoulder-Peak	\$0.048198	N/A
Off-Peak	\$0.023198	\$0.020698

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-06-70
Effective: PENDING
Page No.: 2 of 3



Pricing Plan R-06-70
Residential Lifeline Discount

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-06-70
Effective: PENDING
Page No.: 3 of 3



Pricing Plan R-06-201A
Residential Lifeline Discount

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AVAILABILITY

Throughout the entire area where facilities of the Company are of adequate capacity and are adjacent to the premise.

APPLICABILITY

To single phase or three phase (subject to availability at point of delivery) electric service in individual residences as described in current program details when all service is supplied at one point of delivery and energy is metered through one meter. Additionally, this pricing plan requires that the customer use exclusively the Company's service for all space heating and all water heating energy requirements except as provided below and that the customer's home conform to the standards of the Heating, Cooling and Comfort Guarantee program as in effect at the time of subscription to this pricing plan. The customer's use of solar energy for any purpose shall not preclude subscription to this pricing plan.

This discount is also available to tenants of master metered mobile home parks and apartments.

Not applicable to resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase Service and minimum bill,	\$ 4.90 per month
Customer Charge, Three Phase Service and minimum bill,	\$12.26 per month
Delivery Charge	
Mid-summer season of June 1 - August 31	\$0.090920 per kWh
Remaining summer season of May 1 - May 31 & September 1 - October 31	\$0.074191 per kWh
Winter season of November 1 - April 30	\$0.064440 per kWh

Monthly Discount

The monthly bill shall be in accordance to the rate above except that a discount of \$8.00 per month shall be applied.

The minimum bill shall be the customer charge under this pricing plan of \$4.90.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charges:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$1.59 per month
Customer Delivery	\$1.00 per month

Note: Additional meter service charge of \$7.36 per month for Three Phase Service.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-06-201A
Effective: PENDING
Page No.: 1 of 3



Pricing Plan R-06-201A
Residential Lifeline Discount

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Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.).

Delivery Charge	
Mid-summer season	\$0.009107 per kWh
Remaining-summer season	(\$0.007622) per kWh
Winter season	(\$0.002347) per kWh
Generation Capacity	
Mid-summer season	\$0.034653 per kWh
Remaining-summer season	\$0.034653 per kWh
Winter season	\$0.027127 per kWh
Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh
Transmission	\$0.007525 per kWh
Transmission Ancillary Services	
System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service:	currently charged pursuant to the Company's OATT.
Fuel and Purchased Power	
Mid-summer season	\$0.033198 per kWh
Remaining-summer season	\$0.033198 per kWh
Winter season	\$0.025698 per kWh

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-06-201A
Effective: PENDING
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Pricing Plan R-06-201A
Residential Lifeline Discount

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TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-06-201A
Effective: PENDING
Page No.: 3 of 3



Pricing Plan R-06-201B Residential Lifeline Discount

AVAILABILITY

Throughout the entire area where facilities of the Company are of adequate capacity and are adjacent to the premise.

APPLICABILITY

details when all service is supplied at one point of delivery and energy is metered through one meter. Additionally, this pricing plan requires that the customer use exclusively the Company's service for all space heating and all water heating energy requirements except as provided below and that the customer's home conform to the standards of the Heating, Cooling and Comfort Guarantee program as in effect at the time of subscription to this pricing plan. Notwithstanding the above, the customer's use of solar energy for any purpose shall not preclude subscription to this pricing plan.

Not applicable to resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase Service and minimum bill, \$ 6.78 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.184171	\$0.146415	\$0.100179
Shoulder	\$0.116318	\$0.092473	N/A
Off-Peak	\$0.058160	\$0.046236	\$0.034673

The Company has the option to price service in the billing months of May and October at lower levels, which levels shall not be less than marginal cost. Any shoulder consumption remaining from October usage will be billed at the shoulder summer shoulder price in following billing months.

The summer On-Peak period is 1:00 p.m. to 6:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The summer Shoulder period is 6:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The winter On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

Monthly Discount:

The monthly bill shall be in accordance to the rate above except that a discount of \$8.00 per month shall be applied.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-06-201B
Effective: PENDING
Page No.: 1 of 3



**Pricing Plan R-06-201B
Residential Lifeline Discount**

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charge:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$1.18 per month

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.)

Delivery Charge

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.068658	\$0.030902	\$0.011726
Shoulder	\$0.014335	(\$0.009510)	N/A
Off-Peak	\$0.001276	(\$0.010648)	(\$0.017701)

Generation Capacity

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.045853	\$0.045853	\$0.033793
Shoulder	\$0.039823	\$0.039823	N/A
Off-Peak	\$0.019724	\$0.019724	\$0.017714

Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh
Transmission	\$0.007525 per kWh
Transmission Ancillary Services	
System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

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Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-06-201B
Effective: PENDING
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Pricing Plan R-06-201B
Residential Lifeline Discount

Fuel and Purchased Power

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.055698	\$0.055698	\$0.040698
Shoulder	\$0.048198	\$0.048198	N/A
Off-Peak	\$0.023198	\$0.023198	\$0.020698

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-06-201B
Effective: PENDING
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Pricing Plan R-06-201C Residential Lifeline Discount

AVAILABILITY

Throughout the entire area where facilities of the Company are of adequate capacity and are adjacent to the premise.

APPLICABILITY

To single phase (subject to availability at point of delivery) electric service in individual residences as described in current program details when all service is supplied at one point of delivery and energy is metered through one meter. Additionally, this pricing plan requires that the customer use exclusively the Company's service for all space heating and either (1) solar water heating equipment or (2) an electric heat pump water heater or (3) a photovoltaic system except as provided below and that the customer's home conform to the standards of the Heating, Cooling and Comfort Guarantee program as in effect at the time of subscription to this pricing plan. Not applicable to resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase Service and minimum bill, \$ 6.78 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.184171	\$0.137207	\$0.093879
Shoulder	\$0.116318	\$0.086658	N/A
Off-Peak	\$0.058160	\$0.043328	\$0.032491

The Company has the option to price service in the billing months of May and October at lower levels, which levels shall not be less than marginal cost. Any shoulder consumption remaining from October usage will be billed at the shoulder summer shoulder price in following billing months.

The summer On-Peak period is 1:00 p.m. to 6:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The summer Shoulder period is 6:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The winter On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

Monthly Discount:

The monthly bill shall be in accordance to the rate above except that a discount of \$8.00 per month shall be applied.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-06-201C
Effective: PENDING
Page No.: 1 of 3



Pricing Plan R-06-201C
Residential Lifeline Discount

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charge:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$1.18 per month

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.)

Delivery Charge

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.079051	\$0.0320870	\$0.013086
Shoulder	\$0.023362	(\$0.006298)	N/A
Off-Peak	\$0.005747	(\$0.009085)	(\$0.015868)

Generation Capacity

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.035460	\$0.035460	\$0.026133
Shoulder	\$0.015253	\$0.015253	N/A
Off-Peak	\$0.030796	\$0.030796	\$0.013699

Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh
Transmission	\$0.007525 per kWh
Transmission Ancillary Services	
System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-06-201C
Effective: PENDING
Page No.: 2 of 3



Pricing Plan R-06-201C
Residential Lifeline Discount

Fuel and Purchased Power

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.055698	\$0.055698	\$0.040698
Shoulder	\$0.048198	\$0.048198	N/A
Off-Peak	\$0.023198	\$0.023198	\$0.020698

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

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FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-06-201C
Effective: PENDING
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Pricing Plan R-08 - CLOSED
Residential Lifeline/Medical Life-Support Discount

AVAILABILITY

In all territory served by Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the premises served.

APPLICABILITY

To electric service qualifying for billing under Residential Rate No. 01 where the customer also has qualified for Rate No. 8 as specified in the Company's plan for administration. All provisions of Rate No. 01 will apply except as modified herein. This discount is also available to tenants of master metered mobile home parks and apartments. To qualify for this rate, the customer must:

- (a) qualify for either Residential Lifeline/Senior Discount Rate No. 4 or Residential Lifeline Discount Rate No. 5, and
- (b) provide documentation to the Company that the regular use of a medical life-support device is essential to maintain the life of a full-time resident of the household or that a full-time resident of the household is a paraplegic, quadriplegic, hemiplegic, multiple sclerosis, or scleroderma patient. The life-support device may include an air conditioner or space heater. The utility may require certification by a doctor of medicine or osteopathy, licensed to practice medicine in any state, district, or political subdivision of the United States, that a particular device is necessary to sustain the resident's life.

The Company shall determine, in its sole judgment, whether a customer is qualified to receive service under this rate.

The Company does not guarantee an uninterrupted or sufficient supply of energy to any medical life-support device or to any other end-use of the customer.

MONTHLY BILL

The monthly bill shall be in accordance with the Rate No. 1 schedule except:

For Bills with Usage of:		The Total Bill (before Taxes and Regulatory Assessments) Will Be Discounted by:
0 - 1000	kWh	35%
1001 - 2000	kWh	30%
Over 2000	kWh	10%

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Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-08 - CLOSED
Effective: PENDING
Page No.: 1 of 1



Pricing Plan R-08-01
Residential Lifeline/Medical Life-Support Discount

AVAILABILITY

Throughout the entire area where facilities of the Company are of adequate capacity and are adjacent to the premise.

APPLICABILITY

To all single phase or three phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter; however, electric water heating may be metered separately. The customer must also qualify for Rate No. 8 as specified in the Company's plan for administration. All provisions of the rate below will apply except as modified herein. This discount is also available to tenants of master metered mobile home parks and apartments. To qualify for this rate, the customer must:

- (a) qualify for either Residential Lifeline/Senior Discount Rate No. 4 or Residential Lifeline Discount Rate No. 5, and
- (b) provide documentation to the Company that the regular use of a medical life-support device is essential to maintain the life of a full-time resident of the household or that a full-time resident of the household is a paraplegic, quadriplegic, hemiplegic, multiple sclerosis, or scleroderma patient. The life-support device may include an air conditioner or space heater. The utility may require certification by a doctor of medicine or osteopathy, licensed to practice medicine in any state, district, or political subdivision of the United States, that a particular device is necessary to sustain the resident's life.

The Company shall determine, in its sole judgment, whether a customer is qualified to receive service under this rate.

The Company does not guarantee an uninterrupted or sufficient supply of energy to any medical life-support device or to any other end-use of the customer.

This discount is also available to tenants of master metered mobile home parks and apartments. The applicant must be 65 years of age, or older, to qualify.

Not applicable to resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill	\$ 4.90 per month
Customer Charge, Three Phase service and minimum bill	\$12.26 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge	
Summer (May - October)	\$0.090921 per kWh
Winter, (November - April)	\$0.078970 per kWh

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-08-01
Effective: PENDING
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Pricing Plan R-08-01
Residential Lifeline/Medical Life-Support Discount

Monthly Discount:

For Bills with Usage of:	The Total Bill (before Taxes and Regulatory Assessments) Will Be Discounted by:
0 – 1000 kWh	35%
1001 – 2000 kWh	30%
Over 2000 kWh	10%

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charge:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$1.59 per month
Customer Delivery	\$1.00 per month

Note: Additional meter service charge of \$7.36 per month for Three Phase Service.

Energy Charges (kWh):

Delivery Charge	
Summer	\$0.010823 per kWh
Winter	\$0.009039 per kWh

Generation Capacity	
Summer	\$0.032938 per kWh
Winter	\$0.030271 per kWh

Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh

Transmission	\$0.007525 per kWh
Transmission Ancillary Services	
System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Fuel and Purchased Power	
Summer	\$0.033198 per kWh
Winter	\$0.025698 per kWh

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Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-08-01
Effective: PENDING
Page No.: 2 of 3



Pricing Plan R-08-01
Residential Lifeline/Medical Life-Support Discount

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-08-01
Effective: PENDING
Page No.: 3 of 3



Pricing Plan R-08-21F (FROZEN)
Residential Lifeline/Medical Life-Support Discount

AVAILABILITY

This pricing plan is frozen to existing customers at existing sites or delivery points. New customers, including current customers who move, are not eligible for service under this pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

APPLICABILITY

To all single phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter; however, electric water heating may be metered separately. The customer must also qualify for Rate No. 8 as specified in the Company's plan for administration. All provisions of the rate below will apply except as modified herein. To qualify for this rate, the customer must:

- (a) qualify for either Residential Lifeline/Senior Discount Rate No. 4 or Residential Lifeline Discount Rate No. 5, and
- (b) provide documentation to the Company that the regular use of a medical life-support device is essential to maintain the life of a full-time resident of the household or that a full-time resident of the household is a paraplegic, quadriplegic, hemiplegic, multiple sclerosis, or scleroderma patient. The life-support device may include an air conditioner or space heater. The utility may require certification by a doctor of medicine or osteopathy, licensed to practice medicine in any state, district, or political subdivision of the United States, that a particular device is necessary to sustain the resident's life.

The Company shall determine, in its sole judgment, whether a customer is qualified to receive service under this pricing plan.

The Company does not guarantee an uninterrupted or sufficient supply of energy to any medical life-support device or to any other end-use of the customer.

Not applicable to three phase service, resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill \$6.86 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.125413	\$0.099018
Off-Peak	\$0.050165	\$0.050165

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

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Deleted: or three phase



Pricing Plan R-08-21F (FROZEN)
Residential Lifeline/Medical Life-Support Discount

Summer On-Peak Period: 10:00 a.m. to 10:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day).

Winter On-Peak Period: 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day).

All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

Monthly Discount

The following monthly discount applies to the rate incorporated in this pricing plan. The discount is also available to tenants of master metered mobile home parks and apartments.

For Bills with Usage of:	The Total Bill (before Taxes and Regulatory Assessments) Will Be Discounted by:
0 – 1000 kWh	35%
1001 – 2000 kWh	30%
Over 2000 kWh	10%

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charge:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$1.26 per month

Energy Charges (kWh):

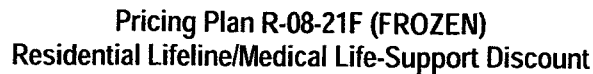
(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.)

Delivery Charge

	Summer (May – October)	Winter (November – April)
On-Peak	(\$0.035469)	(\$0.021385)
Off-Peak	(\$0.000954)	\$0.001546

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

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	Summer (May – October)	Winter (November - April)
On-Peak	\$0.093722	\$0.065743
Off-Peak	\$0.013959	\$0.013959

	Summer (May – October)	Winter (November - April)
On-Peak	\$0.053198	\$0.040698
Off-Peak	\$0.023198	\$0.020698

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

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Pricing Plan R-08-21F (FROZEN)
Residential Lifeline/Medical Life-Support Discount

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-08-21F (FROZEN)
Effective: PENDING
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Pricing Plan R-08-70 Residential Lifeline/Medical Life-Support Discount

AVAILABILITY

Throughout the entire area where facilities of the Company are of adequate capacity and are adjacent to the premise.

APPLICABILITY

To all single phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter; however, electric water heating may be metered separately. The customer must also qualify for Rate No. 8 as specified in the Company's plan for administration. All provisions of the rate below will apply except as modified herein. This discount is also available to tenants of master metered mobile home parks and apartments. To qualify for this rate, the customer must:

Deleted: or three phase

- (a) qualify for either Residential Lifeline/Senior Discount Rate No. 4 or Residential Lifeline Discount Rate No. 5, and
- (b) provide documentation to the Company that the regular use of a medical life-support device is essential to maintain the life of a full-time resident of the household or that a full-time resident of the household is a paraplegic, quadriplegic, hemiplegic, multiple sclerosis, or scleroderma patient. The life-support device may include an air conditioner or space heater. The utility may require certification by a doctor of medicine or osteopathy, licensed to practice medicine in any state, district, or political subdivision of the United States, that a particular device is necessary to sustain the resident's life.

The Company shall determine, in its sole judgment, whether a customer is qualified to receive service under this rate.

The Company does not guarantee an uninterrupted or sufficient supply of energy to any medical life-support device or to any other end-use of the customer.

This discount is also available to tenants of master metered mobile home parks and apartments. The applicant must be 65 years of age, or older, to qualify.

Not applicable to resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill \$6.78 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge:

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.184171	\$0.126011
Shoulder-Peak	\$0.116318	N/A
Off-Peak	\$0.058160	\$0.043619

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-08-70
Effective: PENDING
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Pricing Plan R-08-70 Residential Lifeline/Medical Life-Support Discount

The summer On-Peak period is 1:00 p.m. to 6:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The summer Shoulder period is 6:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The winter On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

Monthly Discount:

For Bills with Usage of:	The Total Bill (before Taxes and Regulatory Assessments) Will Be Discounted by:
0 - 1000 kWh	35%
1001 - 2000 kWh	30%
Over 2000 kWh	10%

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charge:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$1.26 per month

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.).

Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	(\$0.051182)	\$0.054643
Shoulder-Peak	(\$0.039611)	N/A
Off-Peak	(\$0.011122)	(\$0.005085)

Generation Capacity

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.165693	\$0.016708
Shoulder-Peak	\$0.093769	N/A
Off-Peak	\$0.032122	\$0.014044

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Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

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Pricing Plan R-08-70
Residential Lifeline/Medical Life-Support Discount

Transmission	\$0.007525 per kWh
Transmission Ancillary Services	
System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Fuel and Purchased Power

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.055698	\$0.040698
Shoulder-Peak	\$0.048198	N/A
Off-Peak	\$0.023198	\$0.020698

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

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Effective: PENDING
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Pricing Plan R-08-201A Residential Lifeline/Medical Life-Support Discount

AVAILABILITY

Throughout the entire area where facilities of the Company are of adequate capacity and are adjacent to the premise.

APPLICABILITY

To single phase or three phase (subject to availability at point of delivery) electric service in individual residences as described in current program details when all service is supplied at one point of delivery and energy is metered through one meter. Additionally, this pricing plan requires that the customer use exclusively the Company's service for all space heating and all water heating energy requirements except as provided below and that the customer's home conform to the standards of the Heating, Cooling and Comfort Guarantee program as in effect at the time of subscription to this pricing plan. The customer's use of solar energy for any purpose shall not preclude subscription to this pricing plan.

The customer must also qualify for Rate No. 8 as specified in the Company's plan for administration. All provisions of the rate below will apply except as modified herein. This discount is also available to tenants of master metered mobile home parks and apartments. To qualify for this rate, the customer must:

- (a) qualify for either Residential Lifeline/Senior Discount Rate No. 4 or Residential Lifeline Discount Rate No. 5, and
- (b) provide documentation to the Company that the regular use of a medical life-support device is essential to maintain the life of a full-time resident of the household or that a full-time resident of the household is a paraplegic, quadriplegic, hemiplegic, multiple sclerosis, or scleroderma patient. The life-support device may include an air conditioner or space heater. The utility may require certification by a doctor of medicine or osteopathy, licensed to practice medicine in any state, district, or political subdivision of the United States, that a particular device is necessary to sustain the resident's life.

The Company shall determine, in its sole judgment, whether a customer is qualified to receive service under this rate.

The Company does not guarantee an uninterrupted or sufficient supply of energy to any medical life-support device or to any other end-use of the customer.

This discount is also available to tenants of master metered mobile home parks and apartments.

Not applicable to resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, nominal 120/240 volts.

RATE

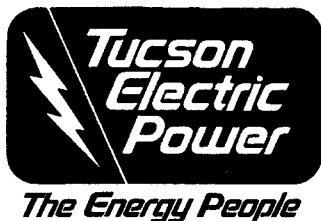
A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase Service and minimum bill,	\$ 4.90 per month
Customer Charge, Three Phase Service and minimum bill,	\$12.26 per month

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-08-201A
Effective: PENDING
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Pricing Plan R-08-201A
Residential Lifeline/Medical Life-Support Discount

Delivery Charge

Mid-summer season of June 1 - August 31	\$0.090920 per kWh
Remaining summer season of May 1 - May 31 & September 1 - October 31	\$0.074191 per kWh
Winter season of November 1 - April 30	\$0.064440 per kWh

Monthly Discount:

For Bills with Usage of:	The Total Bill (before Taxes and Regulatory Assessments) Will Be Discounted by:
0 - 1000 kWh	35%
1001 - 2000 kWh	30%
Over 2000 kWh	10%

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charge:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$1.59 per month
Customer Delivery	\$1.00 per month

Note: Additional meter service charge of \$7.36 per month for Three Phase Service.

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.).

Delivery Charge

Mid-summer season	\$0.009107 per kWh
Remaining-summer season	(\$0.007622) per kWh
Winter season	(\$0.002347) per kWh

Generation Capacity

Mid-summer season	\$0.034653 per kWh
Remaining-summer season	\$0.034653 per kWh
Winter season	\$0.027127 per kWh

Fixed Must-Run

\$0.003849 per kWh

System Benefits

\$0.000468 per kWh

Transmission

\$0.007525 per kWh

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

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Pricing Plan R-08-201A
Residential Lifeline/Medical Life-Support Discount

Transmission Ancillary Services	
System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	
Fuel and Purchased Power	
Mid-summer season	\$0.033198 per kWh
Remaining-summer season	\$0.033198 per kWh
Winter season	\$0.025698 per kWh

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

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Pricing Plan R-08-201B
Residential Lifeline/Medical Life-Support Discount

AVAILABILITY

Throughout the entire area where facilities of the Company are of adequate capacity and are adjacent to the premise.

APPLICABILITY

To single phase (subject to availability at point of delivery) electric service in individual residences as described in current program details when all service is supplied at one point of delivery and energy is metered through one meter. Additionally, this pricing plan requires that the customer use exclusively the Company's service for all space heating and all water heating energy requirements except as provided below and that the customer's home conform to the standards of the Heating, Cooling and Comfort Guarantee program as in effect at the time of subscription to this pricing plan. Notwithstanding the above, the customer's use of solar energy for any purpose shall not preclude subscription to this pricing plan.

Not applicable to resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase Service and minimum bill, \$ 6.78 per month

Energy Charges: All energy charges below are charged on a per kWh basis

Delivery Charge

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.184171	\$0.146415	\$0.100179
Shoulder	\$0.116318	\$0.092473	N/A
Off-Peak	\$0.058160	\$0.046236	\$0.034673

Monthly Discount:

For Bills with Usage of:	The Total Bill (before Taxes and Regulatory Assessments) Will Be Discounted by:
0 - 1000 kWh	35%
1001 - 2000 kWh	30%
Over 2000 kWh	10%

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

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Pricing Plan R-08-201B Residential Lifeline/Medical Life-Support Discount

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charge:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$1.59 per month
Customer Delivery	\$1.00 per month

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.)

Delivery Charge

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.068658	\$0.030902	\$0.011726
Shoulder	\$0.014335	(\$0.009510)	N/A
Off-Peak	\$0.001276	(\$0.010648)	(\$0.017701)

Generation Capacity

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.045853	\$0.045853	\$0.033793
Shoulder	\$0.039823	\$0.039823	N/A
Off-Peak	\$0.019724	\$0.019724	\$0.017714

Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh
Transmission	\$0.007525 per kWh
Transmission Ancillary Services	
System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

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Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

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Pricing Plan R-08-201B
Residential Lifeline/Medical Life-Support Discount

Fuel and Purchased Power

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.055698	\$0.055698	\$0.040698
Shoulder	\$0.048198	\$0.048198	N/A
Off-Peak	\$0.023198	\$0.023198	\$0.020698

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-08-201B
Effective: PENDING
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Pricing Plan R-08-201C Residential Lifeline/Medical Life-Support Discount

AVAILABILITY

Throughout the entire area where facilities of the Company are of adequate capacity and are adjacent to the premise.

APPLICABILITY

To single phase (subject to availability at point of delivery) electric service in individual residences as described in current program details when all service is supplied at one point of delivery and energy is metered through one meter. Additionally, this pricing plan requires that the customer use exclusively the Company's service for all space heating and either (1) solar water heating equipment or (2) an electric heat pump water heater or (3) a photovoltaic system except as provided below and that the customer's home conform to the standards of the Heating, Cooling and Comfort Guarantee program as in effect at the time of subscription to this pricing plan. Not applicable to resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase Service and minimum bill, \$ 6.78 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.184171	\$0.137207	\$0.093879
Shoulder	\$0.116318	\$0.086658	N/A
Off-Peak	\$0.058160	\$0.043328	\$0.032491

Monthly Discount:

For Bills with Usage of:	The Total Bill (before Taxes and Regulatory Assessments) Will Be Discounted by:
0 - 1000 kWh	35%
1001 - 2000 kWh	30%
Over 2000 kWh	10%

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

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Effective: PENDING
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Pricing Plan R-08-201C Residential Lifeline/Medical Life-Support Discount

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charge:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$1.18 per month

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.)

Delivery Charge

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.079051	\$0.0320870	\$0.013086
Shoulder	\$0.023362	(\$0.006298)	N/A
Off-Peak	\$0.005747	(\$0.009085)	(\$0.015868)

Generation Capacity

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.035460	\$0.035460	\$0.026133
Shoulder	\$0.015253	\$0.015253	N/A
Off-Peak	\$0.030796	\$0.030796	\$0.013699

Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh

Transmission	\$0.007525 per kWh
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Transmission Ancillary Services

System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-08-201C
Effective: PENDING
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Pricing Plan R-08-201C
Residential Lifeline/Medical Life-Support Discount

Fuel and Purchased Power

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.055698	\$0.055698	\$0.040698
Shoulder	\$0.048198	\$0.048198	N/A
Off-Peak	\$0.023198	\$0.023198	\$0.020698

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-08-201C
Effective: PENDING
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Pricing Plan R-01 Residential Electric Service

AVAILABILITY

Throughout the entire area where facilities of the Company are of adequate capacity and are adjacent to the premise.

APPLICABILITY

To all single phase or three phase (subject to availability at point of delivery) residential electric service in individual private dwellings and individually metered apartments when all service is supplied at one point of delivery and energy is metered through one meter; however, electric water heating may be metered separately.

Not applicable to resale, breakdown, standby, auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill	\$ 7.00 per month
Customer Charge, Three Phase service and minimum bill	\$13.00 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

	Summer (May - October)	Winter (November - April)
First 500 kWh	\$0.046925	\$0.047309
Next 3,000 kWh	\$0.068960	\$0.067309
3,501 kWh and above	\$0.088960	\$0.087309

Fuel and Purchased Power

Summer, all kWhs	\$0.033198 per kWh
Winter, all kWhs	\$0.025698 per kWh

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

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Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-01
Effective: PENDING
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Pricing Plan R-01 Residential Electric Service

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charge:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$1.40 per month
Note: Additional meter service charge of \$6.00 per month for Three Phase Service.	

Energy Charges (kWh):

Delivery Charge

	Summer (May - October)	Winter (November - April)
First 500 kWh	\$0.000025	\$0.003076
Next 3,000 kWh	\$0.022060	\$0.023076
3,501 kWh and above	\$0.042060	\$0.043076

Generation Capacity

Summer	\$0.032938 per kWh
Winter	\$0.030271 per kWh

Fixed Must-Run

\$0.003849 per kWh

System Benefits

\$0.000468 per kWh

Transmission

\$0.007525 per kWh

Transmission Ancillary Services

System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Fuel and Purchased Power:

Summer	\$0.033198 per kWh
Winter	\$0.025698 per kWh

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

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Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-01
Effective: PENDING
Page No.: 2 of 3



Pricing Plan R-01 Residential Electric Service

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

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Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-01
Effective: PENDING
Page No.: 3 of 3



Pricing Plan R-02F (FROZEN) Residential Electric Water Heating Service

AVAILABILITY

This pricing plan is frozen to existing customers at existing sites or delivery points. New customers, including current customers who move, are not eligible for service under this pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

APPLICABILITY

To separately metered single phase residential off-peak water heating service where general residential service is also provided under pricing plan R-01. When service under Pricing Plan R-02 Frozen is discontinued, the Company will either combine usage and bill under pricing plan R-01 or modify the service entrance equipment so all service is supplied through the pricing plan R-01 meter.

Not applicable to three phase service, resale, breakdown, standby, auxiliary, or any other service except off-peak water heating in accordance with the provisions of this pricing plan.

Where service other than water heating to which this rate is applicable has been taken hereunder, the regular rate for such service shall be applied on a monthly basis to all consumption billed hereunder during the previous twelve months, less the aggregate of payments made hereunder for the same period of time. The regular rate shall continue to apply until the unauthorized service is permanently separated from the off-peak water heating service.

CHARACTER OF SERVICE

Single phase, 60 Hertz, nominal 120/240 volts.

Service may be controlled by the Company by disconnecting electricity during certain periods of the day not exceeding 8 hours in any 24-hour period, as determined by the Company from time to time.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill \$5.10 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge, all kWhs \$0.017298 per kWh

Fuel and Purchased Power \$0.029448 per kWh

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

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Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-02F (FROZEN)
Effective: PENDING
Page No.: 1 of 3



Pricing Plan R-02F (FROZEN)
Residential Electric Water Heating Service

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charge	\$5.10 per month
<u>Energy Charges (kWh):</u>	
Delivery Charge	\$0.000000 per kWh
Generation Capacity	\$0.003336 per kWh
Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh
Transmission	\$0.007525 per kWh
Transmission Ancillary Services	
System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	
Fuel and Purchased Power	\$0.029448 per kWh

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-02F (FROZEN)
Effective: PENDING
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Pricing Plan R-02F (FROZEN) Residential Electric Water Heating Service

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

The electric water heating equipment and installation shall conform to the Company's requirements and be for normal domestic use. The heater shall be of the storage type and not less than 30-gallon capacity. For a water heater equipped with one heating element, the rating of the heating element shall not exceed 6,000 watts. For a water heater equipped with more than one heating element, the rating of any such heating element shall not exceed 6,000 watts, and, if the total of the ratings of the elements exceeds 6,000 watts, they shall be thermostatically interlocked so that they cannot operate simultaneously and thereby exceed 6,000 watts. The Customer shall provide the necessary wiring to permit the installation of the Company's metering and control equipment.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-02F (FROZEN)
Effective: PENDING
Page No.: 3 of 3



Pricing Plan R-21F (FROZEN) Residential Time-of-Use

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

This pricing plan is frozen to existing customers at existing sites or delivery points. New customers, including current customers who move, are not eligible for service under this pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

Service must be single phase residential electric service in individual private dwellings and individually metered multi-family units when all service is supplied at one point of delivery and energy is metered through one meter; however, controlled off-peak electric water heating may be metered separately.

Not applicable to three phase service, resale, breakdown, temporary, standby, or auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

The total number of Customers served under this Time-of-Use pricing plan is limited to 5,000.

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The waiting list for service under this Time-of-Use pricing plan was frozen as of March 31, 1996.

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CHARACTER OF SERVICE

Single phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

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BUNDLED STANDARD OFFER SERVICE

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Customer Charge, Single Phase service and minimum bill

\$ 7.00 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.101271	\$0.073292
Off-Peak	\$0.021508	\$0.021508

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Fuel and Purchased Power

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.053198	\$0.040698
Off-Peak	\$0.023198	\$0.020698

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Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-21F (FROZEN)
Effective: PENDING
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Pricing Plan R-21F (FROZEN) Residential Time-of-Use

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

During the summer season, the On-Peak period is 10:00 a.m. to 10:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). During the winter season, the On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charge:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$1.40 per month

Energy Charges (kWh):

((NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.))

Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	(\$0.006413)	(\$0.006413)
Off-Peak	(\$0.006413)	(\$0.006413)

Generation Capacity

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.093722	\$0.065743
Off-Peak	\$0.013959	\$0.013959

Fixed Must-Run	\$0.003849 per kWh
System Benefits	\$0.000468 per kWh

Transmission	\$0.007525 per kWh
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Transmission Ancillary Services

System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

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Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-21F (FROZEN)
Effective: PENDING
Page No.: 2 of 3



**Pricing Plan R-21F (FROZEN)
Residential Time-of-Use**

Fuel and Purchased Power

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.053198	\$0.040698
Off-Peak	\$0.023198	\$0.020698

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DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-21F (FROZEN)
Effective: PENDING
Page No.: 3 of 3



Pricing Plan R-70F (FROZEN) Residential Time-of-Use

AVAILABILITY

This pricing plan is frozen to new subscription. Existing customers on R-70F who move can remain on R-70F or choose from any available non-frozen pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

APPLICABILITY

Service is available to individual private dwellings and individually metered multi-family units when all service is supplied at one point of delivery and energy is metered through one meter; however, controlled off-peak electric water heating may be metered separately.

Not applicable to three phase service, resale, breakdown, temporary, standby, or auxiliary service, or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

A Customer, at his/her discretion and after being served for a twelve (12) month period under Rate R-70 Frozen, may opt to switch service to the Company's non-time-of-use Residential Rate R-01N. The Company shall refund to the Customer any excess moneys paid in total over the entire twelve months under Rate R-70 Frozen that would not have been paid under Rate R-01N. A Customer shall be eligible to receive such a refund of excess moneys on a single occasion only.

CHARACTER OF SERVICE

Single phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

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BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill \$7.00 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

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Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.174747	\$0.025762
Shoulder-Peak	\$0.102823	N/A
Off-Peak	\$0.041176	\$0.023098

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-70F (FROZEN)
Effective: PENDING
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Pricing Plan R-70F (FROZEN)
Residential Time-of-Use

Fuel and Purchased Power

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.055698	\$0.040698
Shoulder-Peak	\$0.048198	N/A
Off-Peak	\$0.023198	\$0.020698

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Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

The Company has the option to price service in the billing months of May and October at lower levels, which levels shall not be less than marginal cost. Any shoulder consumption remaining from October usage will be billed at the summer shoulder rate in following billing months.

The summer On-Peak period is 1:00 p.m. to 6:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The summer Shoulder period is 6:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day).

The winter On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

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Customer Charge:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$1.40 per month
Note: Additional meter service charge of \$6.00 per month for Three Phase Service.	

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.)

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Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	(\$0.004908)	(\$0.004908)
Shoulder-Peak	(\$0.004908)	N/A
Off-Peak	(\$0.004908)	(\$0.004908)

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Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-70F (FROZEN)
Effective: PENDING
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Pricing Plan R-70F (FROZEN)
Residential Time-of-Use

Generation Capacity

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.165693	\$0.016708
Shoulder-Peak	\$0.093769	N/A
Off-Peak	\$0.032122	\$0.014044

Fixed Must-Run \$0.003849 per kWh
System Benefits \$0.000468 per kWh

Transmission \$0.007525 per kWh
Transmission Ancillary Services

System Control & Dispatch \$0.000102 per kWh
Reactive Supply and Voltage Control \$0.000402 per kWh
Regulation and Frequency Response \$0.000389 per kWh
Spinning Reserve Service \$0.001055 per kWh
Supplemental Reserve Service \$0.000172 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.

Fuel and Purchased Power

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.055698	\$0.040698
Shoulder-Peak	\$0.048198	N/A
Off-Peak	\$0.023198	\$0.020698

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

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Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-70F (FROZEN)
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Pricing Plan R-70F (FROZEN)
Residential Time-of-Use

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

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RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

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Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-70F (FROZEN)
Effective: PENDING
Page No.: 4 of 4



Pricing Plan R-201AF (FROZEN)
Special Residential Electric Service

AVAILABILITY

This pricing plan is frozen to new subscription. Existing customers on R-201AF who move can remain on R-201AF or choose from any available non-frozen pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

APPLICABILITY

To single phase or three phase (Option A only) (subject to availability at point of delivery) electric service in individual residences as described in current program details when all service is supplied at one point of delivery and energy is metered through one meter. Additionally, this pricing plan requires that the customer use exclusively the Company's service for all space heating and all water heating energy requirements except as provided below and that the customer's home conform to the standards of the Heating, Cooling and Comfort Guarantee program as in effect at the time of subscription to this pricing plan. Notwithstanding the above, the customer's use of solar energy for any purpose shall not preclude subscription to this pricing plan.

Not applicable to resale, breakdown, temporary, standby, or auxiliary service or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

CHARACTER OF SERVICE

Single or three phase (Option A only), 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill,
Customer Charge, Three Phase service and minimum bill,

\$ 7.00 per month
\$13.00 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

Mid-summer season of June 1 - August 31	\$0.066139 per kWh
Remaining summer season of May 1 - May 31 & September 1 - October 31	\$0.044138 per kWh
Winter season of November 1 - April 30	\$0.033803 per kWh

Fuel and Purchased Power Charge

Mid-summer season of June 1 - August 31	\$0.033198 per kWh
Remaining summer season of May 1 - May 31 & September 1 - October 31	\$0.033198 per kWh
Winter season of November 1 - April 30	\$0.025698 per kWh

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-201AF (FROZEN)
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Pricing Plan R-201AF (FROZEN)
Special Residential Electric Service

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charge:

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$1.40 per month

Note: Additional meter service charge of \$6.00 per month for Three Phase Service.

Energy Charges (kWh):

((NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.))

Delivery Charge

Mid-summer season	\$0.017524 per kWh
Remaining-summer season	(\$0.004477) per kWh
Winter season	(\$0.007286) per kWh

Generation Capacity

Mid-summer season	\$0.034653 per kWh
Remaining-summer season	\$0.034653 per kWh
Winter season	\$0.027127 per kWh

Fixed Must-Run

System Benefits	\$0.003849 per kWh
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Transmission

Transmission Ancillary Services	\$0.007525 per kWh
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System Control & Dispatch	\$0.000102 per kWh
Reactive Supply and Voltage Control	\$0.000402 per kWh
Regulation and Frequency Response	\$0.000389 per kWh
Spinning Reserve Service	\$0.001055 per kWh
Supplemental Reserve Service	\$0.000172 per kWh

Energy Imbalance Service: currently charged pursuant to the Company's OATT.

Fuel and Purchased Power Charge

Mid-summer season	\$0.033198 per kWh
Remaining summer season	\$0.033198 per kWh
Winter season	\$0.025698 per kWh

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Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-201AF (FROZEN)
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Page No.: 2 of 3



Pricing Plan R-201AF (FROZEN)
Special Residential Electric Service

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

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Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-201AF (FROZEN)
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Pricing Plan R-201BF (FROZEN) Special Residential Electric Service

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AVAILABILITY

This pricing plan is frozen to new subscription. Existing customers on R-201BF who move can remain on R-201BF or choose from any available non-frozen pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

APPLICABILITY

To single phase (subject to availability at point of delivery) electric service in individual residences as described in current program details when all service is supplied at one point of delivery and energy is metered through one meter. Additionally, this pricing plan requires that the customer use exclusively the Company's service for all space heating and all water heating energy requirements except as provided below and that the customer's home conform to the standards of the Heating, Cooling and Comfort Guarantee program as in effect at the time of subscription to this pricing plan. Notwithstanding the above, the customer's use of solar energy for any purpose shall not preclude subscription to this pricing plan.

Not applicable to resale, breakdown, temporary, standby, or auxiliary service or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

Customers must stay on pricing plan R-201BF for a minimum period of one (1) year. A Customer, at his/her discretion and after being served for a twelve (12) month period of this pricing plan, may opt to switch service to the non-time-of-use R-201AN pricing plan. The Company shall refund to the Customer any excess moneys paid in total over the entire twelve months under pricing plan R-201BF, that would not have been paid under pricing plan R-201AN. A Customer shall be eligible to receive such a refund of excess moneys on a single occasion only.

CHARACTER OF SERVICE

Single phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill,

\$7.00 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.166303	\$0.124945	\$0.075935
Shoulder	\$0.093043	\$0.067767	N/A
Off-Peak	\$0.031395	\$0.018756	\$0.006499

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Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

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Pricing Plan R-201BF (FROZEN)
Special Residential Electric Service

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Fuel and Purchased Power Charge

	<u>Mid-Summer</u> <u>June - August</u>	<u>Remaining Summer</u> <u>May & September - October</u>	<u>Winter</u> <u>November - April</u>
On-Peak	\$0.055698	\$0.055698	\$0.040698
Shoulder	\$0.048198	\$0.048198	N/A
Off-Peak	\$0.023198	\$0.023198	\$0.020698

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

The Company has the option to price service in the billing months of May and October at lower levels, which levels shall not be less than marginal cost. Any shoulder consumption remaining from October usage will be billed at the shoulder summer shoulder price in following billing months.

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The summer On-Peak period is 1:00 p.m. to 6:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The summer Shoulder period is 6:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The winter On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

<u>Customer Charges</u>	
Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$1.40 per month

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall not be less than zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result in the customer being paid (rather than paying) for TEP services.)

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Delivery Charge

	<u>Mid-Summer</u> <u>June - August</u>	<u>Remaining Summer</u> <u>May & September - October</u>	<u>Winter</u> <u>November - April</u>
On-Peak	\$0.106488	\$0.065130	\$0.028180
Shoulder	\$0.039258	\$0.013982	N/A
Off-Peak	(\$0.002291)	(\$0.014930)	(\$0.025177)

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District: Entire Electric Service Area

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Pricing Plan R-201BF (FROZEN)
Special Residential Electric Service

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Generation Capacity

	<u>Mid-Summer June - August</u>	<u>Remaining Summer May & September - October</u>	<u>Winter November - April</u>
On-Peak	\$0.045853	\$0.045853	\$0.033793
Shoulder	\$0.039823	\$0.039823	N/A
Off-Peak	\$0.019724	\$0.019724	\$0.017714

Fixed Must-Run \$0.003849 per kWh

System Benefits \$0.000468 per kWh

Transmission \$0.007525 per kWh

Transmission Ancillary Services

System Control & Dispatch \$0.000102 per kWh

Reactive Supply and Voltage Control \$0.000402 per kWh

Regulation and Frequency Response \$0.000389 per kWh

Spinning Reserve Service \$0.001055 per kWh

Supplemental Reserve Service \$0.000172 per kWh

Energy Imbalance Service: currently charged pursuant to the Company's OATT.

Fuel and Purchased Power Charge

	<u>Mid-Summer June - August</u>	<u>Remaining Summer May & September - October</u>	<u>Winter November - April</u>
On-Peak	\$0.055698	\$0.055698	\$0.040698
Shoulder	\$0.023198	\$0.023198	N/A
Off-Peak	\$0.048198	\$0.048198	\$0.020698

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

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 District: Entire Electric Service Area

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Pricing Plan R-201BF (FROZEN)
Special Residential Electric Service

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RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

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Pricing Plan R-201CF (FROZEN)
Special Residential Electric Service

AVAILABILITY

This pricing plan is frozen to new subscription. Existing customers on R-201CF who move can remain on R-201CF or choose from any available non-frozen pricing plan.

APPLICABILITY

To single phase (subject to availability at point of delivery) electric service in individual residences as described in current program details when all service is supplied at one point of delivery and energy is metered through one meter. Additionally, this pricing plan requires that the customer use exclusively the Company's service for all space heating and either (1) solar water heating equipment or (2) an electric heat pump water heater or (3) a photovoltaic system, except as provided below and that the customer's home conform to the standards of the Heating, Cooling and Comfort Guarantee program as in effect at the time of subscription to this pricing plan. Not applicable to resale, breakdown, temporary, standby, or auxiliary service or service to individual motors exceeding 40 amperes at a rating of 230 volts or which will cause excessive voltage fluctuations.

Customers must stay on pricing plan R-201CF for a minimum period of one (1) year. A Customer, at his/her discretion and after being served for a twelve (12) month period of this pricing plan, may opt to switch service to the non-time-of-use R-201 pricing plan of R-201AN. The Company shall refund to the Customer any excess moneys paid in total over the entire twelve months under pricing plan R201CF, that would not have been paid under pricing plan R-201AN. A Customer shall be eligible to receive such a refund of excess moneys on a single occasion only.

CHARACTER OF SERVICE

Single phase, 60 Hertz, nominal 120/240 volts.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill,

\$7.00 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.161981	\$0.112200	\$0.066272
Shoulder	\$0.090057	\$0.058618	N/A
Off-Peak	\$0.028409	\$0.012688	\$0.001201

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District: Entire Electric Service Area

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Pricing Plan R-201CF (FROZEN)
Special Residential Electric Service

Fuel and Purchased Power Charge

	<u>Mid-Summer</u> <u>June - August</u>	<u>Remaining Summer</u> <u>May & September - October</u>	<u>Winter</u> <u>November - April</u>
On-Peak	\$0.055698	\$0.055698	\$0.040698
Shoulder	\$0.048198	\$0.048198	N/A
Off-Peak	\$0.023198	\$0.023198	\$0.020698

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

The Company has the option to price service in the billing months of May and October at lower levels, which levels shall not be less than marginal cost. Any shoulder consumption remaining from October usage will be billed at the shoulder summer shoulder price in following billing months.

The summer On-Peak period is 1:00 p.m. to 6:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The summer Shoulder period is 6:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The winter On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charge

Meter Services	\$1.51 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.29 per month
Customer Delivery	\$1.40 per month

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.)

Delivery Charge

	<u>Mid-Summer</u> <u>June - August</u>	<u>Remaining Summer</u> <u>May & September - October</u>	<u>Winter</u> <u>November - April</u>
On-Peak	\$0.112559	\$0.062778	\$0.026177
Shoulder	\$0.045299	\$0.013860	N/A
Off-Peak	(\$0.000806)	(\$0.016527)	(\$0.026460)

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Pricing Plan R-201CF (FROZEN)
Special Residential Electric Service

Generation Capacity

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.035460	\$0.035460	\$0.026133
Shoulder	\$0.030796	\$0.030796	N/A
Off-Peak	\$0.015253	\$0.015253	\$0.013699

Fixed Must-Run
System Benefits

\$0.003849 per kWh
\$0.000468 per kWh

Transmission

\$0.007525 per kWh

Transmission Ancillary Services

System Control & Dispatch

\$0.000102 per kWh

Reactive Supply and Voltage Control

\$0.000402 per kWh

Regulation and Frequency Response

\$0.000389 per kWh

Spinning Reserve Service

\$0.001055 per kWh

Supplemental Reserve Service

\$0.000172 per kWh

Energy Imbalance Service: currently charged pursuant to the Company's OATT.

Fuel and Purchased Power Charge

	Mid-Summer June - August	Remaining Summer May & September - October	Winter November - April
On-Peak	\$0.055698	\$0.055698	\$0.040698
Shoulder	\$0.048198	\$0.048198	N/A
Off-Peak	\$0.023198	\$0.023198	\$0.020698

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

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FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy, or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

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Deleted: February 20, 2003

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-201CF (FROZEN)
Effective: PENDING
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Pricing Plan R-201CF (FROZEN)
Special Residential Electric Service

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

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Deleted: February 20, 2003

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-201CF (FROZEN)
Effective: PENDING
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Special Residential Schedule No. 208 Heating, Cooling & Comfort Guarantee

AVAILABILITY

In all territory served by Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the premises served. Access to the meter during normal working hours is also a prerequisite for this Schedule.

APPLICABILITY

To single phase or three phase (subject to availability at point of delivery) electric service in individual residences as described in current program details when all service is supplied at one point of delivery and energy is metered through one meter. Additionally, this Schedule requires that the Customer's home be certified by the Company as a Heating, Cooling & Comfort Guarantee Home.

WRITTEN GUARANTEE

The Customer may subscribe to any of the Company's applicable Residential schedules. Pursuant to this Schedule No. 208, the customer receives a Guarantee, the average kWh usage for heating and cooling the home each year shall not exceed the annual kWh consumption resulting from a detailed engineering simulation of the home. The Guaranteed amount will be calculated under Special Residential pricing plan R-201A or Residential pricing plan R-01 for the kWh associated with the guaranteed heating and cooling usage as described in the Guarantee which covers only heating and cooling kWh usage in the home and does not apply to energy use from other electrical devices. The Guarantee is applicable for a minimum period of three years from the date thereon. Additional terms and conditions are set forth in the written Guarantee.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this Schedule.

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Regulatory Support

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Deleted: Entire Electric Service Area

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: R-208
Effective: PENDING
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Pricing Plan GS-10 General Service

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To all general power and lighting service unless otherwise addressed by specific pricing plans, when all energy is supplied at one point of delivery and through one metered service.

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Not applicable to resale, breakdown, standby, or auxiliary service.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

RATE

A monthly net bill at the following rate, plus any adjustments incorporated in this pricing plan:

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BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill \$ 8.00 per month
Customer Charge, Three Phase service and minimum bill \$14.00 per month

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Energy Charges: All energy charges below are charged on a per kWh basis.

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Delivery Charge

	Summer (May - October)	Winter (November - April)
First 500 kWh	\$0.056236	\$0.051252
All remaining kWhs	\$0.085145	\$0.080145

Fuel and Purchased Power

Summer \$0.031550 per kWh
Winter \$0.024222 per kWh

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

ADJUSTMENT FOR TRANSFORMER OWNERSHIP AND METERING

- (a) When Company owns transformers and energy is metered on primary side of transformers, the demand shall be metered and the above schedule subject to a discount of 10.3¢ per kW per month of the billing demand each month.
- (b) When Customer owns transformers and energy is metered on primary side of transformers, the demand shall be metered and the above schedule subject to a discount of 20.6¢ per kW per month of the billing demand each month.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: GS-10
Effective: PENDING
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Pricing Plan GS-10 General Service

- (c) When Customer owns transformers and, at Company's option, energy is metered on secondary side of transformers, the demand shall be metered and the above schedule subject to a discount of 10.3¢ per kW per month of the billing demand each month.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charge:

Meter Services	\$2.12 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.23 per month
Customer Delivery	\$1.85 per month
Note: Additional meter service charge of \$6.00 per month for Three Phase Service.	

Energy Charges (kWh):

Delivery Charge

	Summer (May – October)	Winter (November - April)
First 500 kWh	\$0.013026	\$0.013832
All remaining kWhs	\$0.041935	\$0.042725

Generation Capacity

Summer	\$0.030119 per kWh
Winter	\$0.024329 per kWh

Fixed Must-Run

\$0.003293 per kWh

System Benefits

\$0.000443 per kWh

Transmission

\$0.007298 per kWh

Transmission Ancillary Services

System Control & Dispatch	\$0.000099 per kWh
Reactive Supply and Voltage Control	\$0.000390 per kWh
Regulation and Frequency Response	\$0.000377 per kWh
Spinning Reserve Service	\$0.001024 per kWh
Supplemental Reserve Service	\$0.000167 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Fuel and Purchased Power:

Summer	\$0.031550 per kWh
Winter	\$0.024222 per kWh

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Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

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Pricing Plan GS-10 General Service

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

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Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: GS-10
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Pricing Plan GS-76F (FROZEN) General Service Time-of-Use

AVAILABILITY

This pricing plan is frozen to new subscription. Existing customers on GS-76F who move can remain on GS-76F or choose from any available non-frozen pricing plan.

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises. Direct access to the meter during normal working hours is also a prerequisite for this pricing plan. Service hereunder shall be limited to either an aggregate customer total of 30 MW or an aggregate customer total of 130,000,000 kWh annually, whichever total is reached first.

APPLICABILITY

This pricing plan is frozen to existing customers at existing sites or delivery points. New customers, including current customers who move, are not eligible for service under this pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

Customers must stay on this pricing plan for a minimum period of one (1) year. A Customer, at his/her discretion and after being served for a twelve (12) month period under Pricing Plan GS-76 Frozen, may opt to switch service to the Company's non-time-of-use General Service Pricing Plan GS-10. The Company shall refund to the Customer any excess moneys paid in total over the entire twelve months under pricing plan GS-76 Frozen that would not have been paid under pricing plan GS-10. A Customer shall be eligible to receive such a refund of excess moneys on a single occasion only.

Not applicable to resale, breakdown, standby, or auxiliary service.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service and minimum bill	\$ 8.00 per month
Customer Charge, Three Phase service and minimum bill	\$14.00 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.207220	\$0.130159
Shoulder-Peak	\$0.119884	N/A
Off-Peak	\$0.042825	\$0.027411

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

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Pricing Plan GS-76F (FROZEN)
General Service Time-of-Use

Fuel and Purchased Power

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.056123	\$0.038809
Shoulder-Peak	\$0.056123	N/A
Off-Peak	\$0.023623	\$0.018809

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

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The Company has the option to price service in the billing months of May and October at lower levels, which levels shall not be less than marginal cost. Any shoulder consumption remaining from October usage will be billed at the summer shoulder price in following billing months.

The summer On-Peak period is 1:00 p.m. to 6:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The summer Shoulder period is 6:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The winter On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

ADJUSTMENT FOR TRANSFORMER OWNERSHIP AND METERING

- When Company owns transformers and energy is metered on primary side of transformers, the demand shall be metered and the above schedule subject to a discount of 10.3¢ per kW per month of the billing demand each month.
- When Customer owns transformers and energy is metered on primary side of transformers, the demand shall be metered and the above schedule subject to a discount of 20.6¢ per kW per month of the billing demand each month.
- When Customer owns transformers and, at Company's option, energy is metered on secondary side of transformers, the demand shall be metered and the above schedule subject to a discount of 10.3¢ per kW per month of the billing demand each month.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

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Customer Charge:

Meter Services	\$2.12 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.23 per month
Customer Delivery	\$1.85 per month

Note: Additional meter service charge of \$6.00 per month for Three Phase Service.

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Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

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Pricing Plan GS-76F (FROZEN)
General Service Time-of-Use

Energy Charges (kWh):

Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.085668	\$0.054844
Shoulder-Peak	\$0.050733	N/A
Off-Peak	\$0.019910	\$0.013744

Generation Capacity

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.108461	\$0.062224
Shoulder-Peak	\$0.056060	N/A
Off-Peak	\$0.009824	\$0.000576

Fixed Must-Run	\$0.003293 per kWh
System Benefits	\$0.000443 per kWh

Transmission	\$0.007298 per kWh
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Transmission Ancillary Services

System Control & Dispatch	\$0.000099 per kWh
Reactive Supply and Voltage Control	\$0.000390 per kWh
Regulation and Frequency Response	\$0.000377 per kWh
Spinning Reserve Service	\$0.001024 per kWh
Supplemental Reserve Service	\$0.000167 per kWh

Energy Imbalance Service: currently charged pursuant to the Company's OATT.

Fuel and Purchased Power

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.056123	\$0.038809
Shoulder-Peak	\$0.056123	N/A
Off-Peak	\$0.023623	\$0.018809

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

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Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

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Pricing Plan GS-76F (FROZEN)
General Service Time-of-Use

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

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Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: GS-76F (FROZEN)
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Pricing Plan GS-31 Interruptible Agricultural Pumping

AVAILABILITY

Available for interruptible service to agricultural pumping customers throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

Applicable to separately metered interruptible agricultural water pumping service for irrigation purposes of the Customer only.

Not applicable to resale, breakdown, standby, auxiliary, or any other service except agricultural pumping in accordance with the provisions of this pricing plan.

CHARACTER OF SERVICE

Three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan.

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BUNDLED STANDARD OFFER SERVICE

___ Energy Charges: All energy charges below are charged on a per kWh basis.

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Delivery Charge

Summer (May - October)

\$0.025700 per kWh

Winter (November - April)

\$0.024205 per kWh

Fuel and Purchased Power

\$0.028730 per kWh

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

DETERMINATION OF HORSEPOWER FOR BILLING

Horsepower connected shall be the manufacturer's nameplate rating of all equipment of Customer connected for service under this schedule, but not less than 60 hp.

MINIMUM BILL

The Customer guarantees that its load shall be sufficient such that a summation of all the above payments shall be not less than \$30.00 per hp connected per contract year (which shall be from April 1 to March 31 of the following year) and in no event less than \$1,800.00 per contract year. Minimum payments at the rate of \$2.50 per hp of motors connected, but not less than \$150.00 shall be made monthly.

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Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

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Pricing Plan GS-31 Interruptible Agricultural Pumping

If during the contract year the total payments exceed the annual guarantee of \$30.00 per hp connected but not less than \$1,800.00, then the Customer shall be credited the difference between the amount actually paid during the contract year and the amount which would have been paid had the monthly minimum charge not been applied.

TERMS AND CONDITIONS OF SERVICE

1. Customer must furnish, install, own, and maintain at each point of delivery all necessary Company approved equipment which will enable the Company to interrupt service with its master control station.
2. Service may be interrupted by Company during certain periods of the day not exceeding six hours in any 24-hour period.
3. Company will endeavor to give customer one hour notice of impending interruption; however, service may be interrupted without notice should Company deem such action necessary.
4. Where service other than agricultural pumping to which this rate is applicable has been taken hereunder, the general service rate shall be applied on a monthly basis to all usage billed hereunder during the previous twelve months less the aggregate of payments made hereunder for the same period of time. The general service rate shall continue to apply until the unauthorized service is permanently separated from the agricultural pumping service.
5. Company shall not be liable for any loss or damage caused by or resulting from any interruption of service.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.)

Delivery (Summer & Winter):	(\$0.016447) per kWh
Generation Capacity	
Summer	\$0.029056 per kWh
Winter	\$0.027561 per kWh
Fixed Must-Run	\$0.003293 per kWh
System Benefits	\$0.000443 per kWh
Transmission	\$0.007298 per kWh
Transmission Ancillary Services	
System Control & Dispatch	\$0.000099 per kWh
Reactive Supply and Voltage Control	\$0.000390 per kWh
Regulation and Frequency Response	\$0.000377 per kWh
Spinning Reserve Service	\$0.001024 per kWh
Supplemental Reserve Service	\$0.000167 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

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Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: GS-31
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Pricing Plan GS-31
Interruptible Agricultural Pumping

Fuel and Purchased Power

\$0.028730 per kWh

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

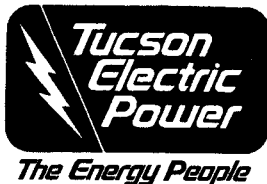
The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

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Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

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Pricing Plan GS-11F (FROZEN) Mobile Home Park Electric Service

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To mobile home parks for service through a master meter to two or more mobile homes, provided each mobile home served through such master meter will be individually metered and billed by the park operator in accordance with applicable Orders of the Arizona Corporation Commission. Electric service to the park's facilities used by its residents may be supplied under this schedule only if such facilities are served through a master meter which serves two or more mobile homes.

Not applicable to resale, breakdown, standby, or auxiliary service.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

RATE

A monthly net bill at the following rate, plus any adjustments incorporated in this pricing plan:

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BUNDLED STANDARD OFFER SERVICE

Customer Charge, Single Phase service	\$ 8.00 per month
Customer Charge, Three Phase service	\$14.00 per month

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge,	
Summer (May - October, all kWh)	\$0.067290 per kWh
Winter (November - April), all kWh	\$0.052751 per kWh
Fuel and Purchased Power	\$0.028730 per kWh

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Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

ADJUSTMENT FOR TRANSFORMER OWNERSHIP AND METERING

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(a) When Company owns transformers and energy is metered on primary side of transformers, the demand shall be metered and the above schedule subject to a discount of 10.3¢ per kW per month of the demand each month.

(b) When Customer owns transformers and energy is metered on primary side of transformers, the demand shall be

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Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: GS-11F (FROZEN)
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Pricing Plan GS-11F (FROZEN)
Mobile Home Park Electric Service

metered and the above schedule subject to a discount of 20.6¢ per kW per month of the demand each month.

(c) When Customer owns transformers and, at Company's option, energy is metered on secondary side of transformers, the demand shall be metered and the above schedule subject to a discount of 10.3¢ per kW per month of the demand each month.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charge:

Meter Services	\$2.12 per month
Meter Reading	\$0.80 per month
Billing & Collection	\$3.23 per month
Customer Delivery	\$1.85 per month
Note: Additional meter service charge of \$6.00 per month for Three Phase Service.	

Energy Charges (kWh):

Delivery Charge (Summer & Winter)	\$0.017431 per kWh
Generation Capacity	
Summer	\$0.036768 per kWh
Winter	\$0.022229 per kWh
Fixed Must-Run	\$0.003293 per kWh
System Benefits	\$0.000443 per kWh
Transmission	\$0.007298 per kWh
Transmission Ancillary Services	
System Control & Dispatch	\$0.000099 per kWh
Reactive Supply and Voltage Control	\$0.000390 per kWh
Regulation and Frequency Response	\$0.000377 per kWh
Spinning Reserve Service	\$0.001024 per kWh
Supplemental Reserve Service	\$0.000167 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	
Fuel and Purchased Power	\$0.028730 per kWh

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: GS-11F (FROZEN)
Effective: PENDING
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Pricing Plan GS-11F (FROZEN)
Mobile Home Park Electric Service

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: GS-11F (FROZEN)
Effective: PENDING
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Pricing Plan LGS-13 Large General Service

AVAILABILITY

Throughout the entire area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To all general power and lighting service on an optional basis when all energy is supplied at one point of delivery and through one metered service. Customer shall contract for a demand of not less than 200 kW.

Not applicable to resale, breakdown, standby, or auxiliary service.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

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BUNDLED STANDARD OFFER SERVICE

Customer Charge and minimum bill \$371.88 per month

Demand Charge \$ 10.352 per kW

Energy Charges: All energy charges below are charged on a per kWh basis.

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▼ Delivery Charge

Summer

\$0.025656

Winter

\$0.023910

Fuel & Purchased Power

Summer

\$0.032554

Winter

\$0.025054

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Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

BILLING DEMAND

The maximum 15 minute measured demand in the month, but not less than 50% of the maximum demand used for billing purposes in the preceding 11 months, nor less than the contract demand, nor less than 200 kW.

ADJUSTMENT FOR TRANSFORMER OWNERSHIP AND METERING

- (a) When Company owns transformers and energy is metered on primary side of transformers, the demand shall be metered and the above schedule subject to a discount of 10.3¢ per kW per month of the billing demand each month.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LGS-13
Effective: PENDING
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Pricing Plan LGS-13
Large General Service

- (b) When Customer owns transformers and energy is metered on primary side of transformers, the demand shall be metered and the above schedule subject to a discount of 20.6¢ per kW per month of the billing demand each month.
- (c) When Customer owns transformers and, at Company's option, energy is metered on secondary side of transformers, the demand shall be metered and the above schedule subject to a discount of 10.3¢ per kW per month of the billing demand each month.

The Company may require a written contract and a minimum term of contract.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charge:

Meter Services	\$223.138 per month
Meter Reading	\$ 18.594 per month
Billing & Collection	\$111.564 per month
Customer Delivery	\$ 18.594 per month

Demand Charge (kW):

Generation Capacity	\$6.911 per kW
Transmission	\$2.685 per kW
Transmission Ancillary Services	
System Control & Dispatch	\$0.036 per kW
Reactive Supply and Voltage Control	\$0.143 per kW
Regulation and Frequency Response	\$0.139 per kW
Spinning Reserve Service	\$0.377 per kW
Supplemental Reserve Service	\$0.061 per kW
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Energy Charges (kWh):

Delivery Charge

Summer	\$0.012397 per kWh
Winter	\$0.010651 per kWh

Generation Capacity

\$0.009523 per kWh

Fixed Must-Run

\$0.003293 per kWh

System Benefits

\$0.000443 per kWh

Fuel & Purchased Power Charge

Summer	\$0.032554 per kWh
Winter	\$0.025054 per kWh

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LGS-13
Effective: PENDING
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Pricing Plan LGS-13 Large General Service

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LGS-13
Effective: PENDING
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Pricing Plan LGS-85AF (FROZEN) Large General Service Time-of-Use

AVAILABILITY

This pricing plan is frozen to new subscription. Existing customers on LGS-85AF who move can remain on LGS-85AF or choose from any available non-frozen pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

APPLICABILITY

To all general power and lighting service on an optional basis when all energy is supplied at one point of delivery and through one metered service. Customer shall contract for a demand of not less than 200 kW.

Not applicable to resale, breakdown, standby, or auxiliary service.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering shall be required for new installations with service requirements in excess of 2,500 kW.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge and minimum bill	\$371.88 per month
Demand Charges (includes Generation Capacity):	
Summer On-peak demand	\$7.950 per kW
Summer Shoulder-peak demand in excess of 150% of the On-peak demand	\$5.258 per kW
Summer Off-peak demand in excess of 150% of the On-peak demand	\$3.975 per kW
Winter On-peak demand	\$5.258 per kW
Winter Off-peak demand in excess of 150% of the On-peak demand	\$2.629 per kW

Excess shoulder demand is defined as that positive amount (if any) by which shoulder demand exceeds 150% of on-peak period demand.

Excess off-peak demand is defined as:

- I. that positive amount by which off-peak period demand exceeds shoulder period demand (when and if shoulder period demand is greater than 150% of the on-peak period demand and off-peak period demand exceeds shoulder period demand), or;
- II. that positive amount by which off-peak period demand exceeds 150% of the on-peak period demand (when and if shoulder period demand is less than 150% of the on-peak period demand and off-peak period demand exceeds 150% of the on-peak period demand), or;
- III. zero when the above conditions in I are not met and the above conditions in II are not met.

In the event that excess shoulder and/or excess off-peak demand occur, excess shoulder demand shall be billed at the shoulder price and excess off-peak demand shall be billed at the off-peak price.

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Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LGS-85AF (FROZEN)
Effective: PENDING
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Pricing Plan LGS-85AF (FROZEN)
Large General Service Time-of-Use

Any shoulder consumption remaining from October usage shall be billed at the summer shoulder price in following billing months.

Energy Charges: All energy charges below are charged on a per kWh basis.

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Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.053290	\$0.044980
Shoulder-Peak	\$0.044980	N/A
Off-Peak	\$0.036667	\$0.028356

Fuel and Purchased Power

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.056452	\$0.039341
Shoulder-Peak	\$0.056452	N/A
Off-Peak	\$0.023952	\$0.019341

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

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The summer On-Peak period is 1:00 p.m. to 6:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The summer Shoulder period is 6:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The winter On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

BILLING DEMAND

The maximum 60-minute measured demand in the month, but not less than 50% of the maximum on-peak demand used for billing purposes in the preceding 11 months, nor less than 50% of the contract demand, nor less than 200 kW.

ADJUSTMENT FOR TRANSFORMER OWNERSHIP AND METERING

- (a) When Company owns transformers and energy is metered on primary side of transformers, the demand shall be metered and the above Schedule subject to a discount of 10.3¢ per kW per month of the billing demand each month.
- (b) When Customer owns transformers and energy is metered on primary side of transformers, the demand shall be metered and the above Schedule subject to a discount of 20.6¢ per kW per month of the billing demand each month.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LGS-85AF (FROZEN)
Effective: PENDING
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Pricing Plan LGS-85AF (FROZEN)
Large General Service Time-of-Use

(c) When Customer owns transformers and, at Company's option, energy is metered on secondary side of transformers, the demand shall be metered and the above Schedule subject to a discount of 10.3¢ per kW per month of the billing demand each month.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charge:

Meter Services	\$223.128 per month
Meter Reading	\$ 18.594 per month
Billing & Collection	\$111.564 per month
Customer Delivery	\$ 18.594 per month

Demand Charges (kW):

Generation Capacity Charges

Summer On-peak demand	\$7.950 per kW
Summer Shoulder-peak demand in excess of 150% of the On-peak demand	\$5.258 per kW
Summer Off-peak demand in excess of 150% of the On-peak demand	\$3.975 per kW

Winter On-peak demand	\$5.258 per kW
Winter Off-peak demand in excess of 150% of the On-peak demand	\$2.629 per kW

Energy Charges (kWh):

Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.016035	\$0.11880
Shoulder-Peak	\$0.011880	N/A
Off-Peak	\$0.007723	\$0.003568

Generation Capacity Charge

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.024164	\$0.020009
Shoulder-Peak	\$0.020009	N/A
Off-Peak	\$0.015853	\$0.011697

Fixed Must-Run	\$0.003293 per kWh
System Benefits	\$0.000443 per kWh

Transmission	\$0.007298 per kWh
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Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LGS-85AF (FROZEN)
Effective: PENDING
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Pricing Plan LGS-85AF (FROZEN)
Large General Service Time-of-Use

Transmission Ancillary Services

System Control & Dispatch	\$0.000099 per kWh
Reactive Supply and Voltage Control	\$0.000390 per kWh
Regulation and Frequency Response	\$0.000377 per kWh
Spinning Reserve Service	\$0.001024 per kWh
Supplemental Reserve Service	\$0.000167 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Fuel and Purchased Power

	Summer (May – October)	Winter (November - April)
On-Peak	\$0.056452	\$0.039341
Shoulder-Peak	\$0.056452	N/A
Off-Peak	\$0.023952	\$0.019341

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

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Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LGS-85AF (FROZEN)
Effective: PENDING
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Pricing Plan LGS-85F - FROZEN Large General Service Time-of-Use

AVAILABILITY

This pricing plan is frozen to new subscription. Existing customers on LGS-85F who move can remain on LGS-85F or choose from any available non-frozen pricing plan.

APPLICABILITY

This pricing plan is frozen to existing customers at existing sites or delivery points. New customers, including current customers who move, are not eligible for service under this pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

To all general power and lighting service on an optional basis when all energy is supplied at one point of delivery and through one metered service. Customer shall contract for a demand of not less than 200 kW.

Not applicable to resale, breakdown, standby, or auxiliary service.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering shall be required for new installations with service requirements in excess of 2,500 kW.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge	\$371.88 per month
Demand Charges (includes Generation Capacity):	
Summer On-peak demand	\$17.320 per kW
Summer Shoulder-peak demand in excess of 150% of the On-peak demand	\$8.660 per kW
Summer Off-peak demand in excess of 150% of the On-peak demand	\$11.455 per kW
Winter On-peak demand	\$9.646 per kW
Winter Off-peak demand in excess of 150% of the On-peak demand	\$4.823 per kW

Excess shoulder demand is defined as that positive amount (if any) by which shoulder demand exceeds 150% of on-peak period demand.

Excess off-peak demand is defined as:

- I. that positive amount by which off-peak period demand exceeds shoulder period demand (when and if shoulder period demand is greater than 150% of the on-peak period demand and off-peak period demand exceeds shoulder period demand), or;
- II. that positive amount by which off-peak period demand exceeds 150% of the on-peak period demand (when and if shoulder period demand is less than 150% of the on-peak period demand and off-peak period demand exceeds 150% of the on-peak period demand), or;
- III. zero when the above conditions in I are not met and the above conditions in II are not met.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LGS-85F - FROZEN
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Pricing Plan LGS-85F - FROZEN
Large General Service Time-of-Use

In the event that excess shoulder and/or excess off-peak demand occur, excess shoulder demand shall be billed at the shoulder price and excess off-peak demand shall be billed at the off-peak price.

Any shoulder consumption remaining from October usage shall be billed at the summer shoulder price in following billing months.

Energy Charges: All energy charges below are charged on a per kWh basis.

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Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.083765	\$0.053910
Shoulder-Peak	\$0.053910	N/A
Off-Peak	\$0.005693	\$0.005693

Fuel and Purchased Power

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.056452	\$0.039341
Shoulder-Peak	\$0.056452	N/A
Off-Peak	\$0.023952	\$0.019341

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

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The summer On-Peak period is 1:00 p.m. to 6:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The summer Shoulder period is 6:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The winter On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

BILLING DEMAND

The maximum 60-minute measured demand in the month, but not less than 50% of the maximum on-peak demand used for billing purposes in the preceding 11 months, nor less than 50% of the contract demand, nor less than 200 kW.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charge:

Meter Services	\$223.128 per month
Meter Reading	\$ 18.594 per month
Billing & Collection	\$111.564 per month
Customer Delivery	\$ 18.594 per month

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Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LGS-85F - FROZEN
Effective: PENDING
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Pricing Plan LGS-85F - FROZEN Large General Service Time-of-Use

Demand Charges (kW):

Generation Capacity Charges (kW)

Summer On-peak demand	\$17.320 per kW
Summer Shoulder-peak demand in excess of 150% of the On-peak demand	\$8.660 per kW
Summer Off-peak demand in excess of 150% of the On-peak demand	\$11.455 per kW
Winter On-peak demand	\$9.646 per kW
Winter Off-peak demand in excess of 150% of the On-peak demand	\$4.823 per kW

Energy Charges (kWh):

((NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.))

Delivery Charge

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.069674	\$0.039819
Shoulder-Peak	\$0.039819	N/A
Off-Peak	(\$0.008398)	(\$0.008398)

Generation Capacity Charge

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.001000	\$0.001000
Shoulder-Peak	\$0.001000	N/A
Off-Peak	\$0.001000	\$0.001000

Fixed Must-Run	\$0.003293 per kWh
System Benefits	\$0.000443 per kWh

Transmission	\$0.007298 per kWh
Transmission Ancillary Services	
System Control & Dispatch	\$0.000099 per kWh
Reactive Supply and Voltage Control	\$0.000390 per kWh
Regulation and Frequency Response	\$0.000377 per kWh
Spinning Reserve Service	\$0.001024 per kWh
Supplemental Reserve Service	\$0.000167 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

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Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LGS-85F - FROZEN
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Pricing Plan LGS-85F - FROZEN
Large General Service Time-of-Use

Fuel and Purchased Power

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.056452	\$0.039341
Shoulder-Peak	\$0.056452	N/A
Off-Peak	\$0.023952	\$0.019341

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LGS-85F - FROZEN
Effective: PENDING
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Pricing Plan LLP-14 Large Light and Power Service

AVAILABILITY

Rate No. 14 shall be available for any Customer within the service territory of the Company if the Company has facilities of adequate capacity and a written contract, covering such matters as the Company and Customer shall deem appropriate.

CHARACTER OF SERVICE

Service shall be three phase, 60 Hertz, Primary Service, and shall be supplied directly from any 46,000 volt, or higher voltage, system at a delivery voltage of not less than 13,000 volts and delivered at a single point of delivery unless otherwise specified in the contract.

PRICE SCHEDULE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge and minimum bill	\$500.00 per month
Demand Charge (Includes Generation Capacity):	\$16.155 per kW of Billing Demand per month
Energy Charges: All energy charges below are charged on a per kWh basis.	
Delivery Charge	\$0.000433 per kWh
Fuel & Purchase Power	
Summer, all kWhs	\$0.032577 per kWh
Winter, all kWhs	\$0.025077 per kWh

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

BILLING DEMAND

The billing demand shall be specified in the contract, but shall not be less than 3,000 kW. Additionally, the On-Peak billing demand shall not be less than 66.7% of the maximum On-Peak billing demand in the preceding eleven (11) months, unless otherwise specified in the contract.

PRIMARY SERVICE

The above rate is subject to Primary Service and Metering. The Customer will provide the entire distribution system (including transformers) from the point of delivery to the load. The energy and demand shall be metered on primary side of transformers

POWER FACTOR ADJUSTMENT

The above rate is subject to a discount or a charge of 1.3¢ per kW of billing demand for each 1% the average monthly power factor is above or below 90% lagging to a maximum discount of 13.0¢ per kW of billing demand per month.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

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Pricing Plan LLP-14
Large Light and Power Service

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charge:

Meter Services	\$300.00 per month
Meter Reading	\$025.00 per month
Billing & Collection	\$150.00 per month
Customer Delivery	\$025.00 per month

Demand Charges (kW):

Generation Capacity	\$10.898 per kW per month
Fixed Must-Run	\$01.582 per kW per month
Transmission	\$02.868 per kW per month
Transmission Ancillary Services	
System Control & Dispatch	\$0.039 per kW per month
Reactive Supply and Voltage Control	\$0.153 per kW per month
Regulation and Frequency Response	\$0.148 per kW per month
Spinning Reserve Service	\$0.402 per kW per month
Supplemental Reserve Service	\$0.065 per kW per month
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Energy Charges (kWh):

System Benefits	\$0.000433 per kWh
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Fuel and Purchased Power:

Summer	\$0.032577 per kWh
Winter	\$0.025077 per kWh

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LLP-14
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Pricing Plan LLP-14
Large Light and Power Service

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LLP-14
Effective: PENDING
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Pricing Plan LLP-90AF (FROZEN)
Large Light and Power Service Time-of-Use

AVAILABILITY

This pricing plan is frozen to new subscription. Existing customers on LLP-90AF who move can remain on LLP-90AF or choose from any available non-frozen pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

CHARACTER OF SERVICE

Service shall be three phase, 60 Hertz, and shall be supplied directly from any 46,000 volt, or higher voltage, system through distribution facilities used exclusively to serve Pricing Plan LLP-90AF – Frozen to customers at a delivery voltage of not less than 2400/4160 volts and delivered at a single point of delivery unless otherwise specified in the contract.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge and minimum bill	\$500.00 per month
Demand Charges (includes Generation Capacity):	
Summer On-peak demand	\$25.581 per kW
Summer Shoulder-peak demand in excess of 150% of the On-peak demand	\$18.081 per kW
Summer Off-peak demand in excess of 150% of the On-peak demand	\$10.581 per kW
Winter On-peak demand	\$21.581 per kW
Winter Off-peak demand in excess of 150% of the On-peak demand	\$10.581 per kW

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge \$.006203 per KWh

Fuel and Purchased Power

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.052983	\$0.035623
Shoulder-Peak	\$0.052983	N/A
Off-Peak	\$0.020483	\$0.015623

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

The summer On-Peak period is 1:00 p.m. to 6:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The summer Shoulder period is 6:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The winter On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LLP-90AF (FROZEN)
Effective: PENDING
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Pricing Plan LLP-90AF (FROZEN)
Large Light and Power Service Time-of-Use

Excess shoulder demand is defined as that positive amount (if any) by which shoulder demand exceeds 150% of on-peak period demand.

Excess off-peak demand is defined as:

- I. that positive amount by which off-peak period demand exceeds shoulder period demand (when and if shoulder period demand is greater than 150% of the on-peak period demand and off-peak period demand exceeds shoulder period demand), or;
- II. that positive amount by which off-peak period demand exceeds 150% of the on-peak period demand (when and if shoulder period demand is less than 150% of the on-peak period demand and off-peak period demand exceeds 150% of the on-peak period demand), or;
- III. zero when the above conditions in I are not met and the above conditions in II are not met.

In the event that excess shoulder and/or excess off-peak demand occur, excess shoulder demand shall be billed at the shoulder price and excess off-peak demand shall be billed at the off-peak price.

Any shoulder consumption remaining from October usage shall be billed at the summer shoulder price in following billing months.

BILLING DEMAND

The billing demand shall be specified in the contract, but shall not be less than 3,000 kW. Additionally, the On-Peak billing demand shall not be less than 66.67% of the maximum On-Peak billing demand in the preceding eleven (11) months, unless otherwise specified in the contract.

PRIMARY SERVICE

The above rate is subject to Primary Service and Metering. The Customer will provide the entire distribution system (including transformers) from the point of delivery to the load. The energy and demand shall be metered on primary side of transformers.

POWER FACTOR ADJUSTMENT

The above rate is subject to a discount or a charge of 1.3¢ per kW of billing demand for each 1% the average monthly power factor is above or below 90% lagging to a maximum discount of 13.0¢ per kW of billing demand per month.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Customer Charge:

Meter Services	\$300.00 per month
Meter Reading	\$ 25.00 per month
Billing & Collection	\$150.00 per month
Customer Delivery	\$ 25.00 per month

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LLP-90AF (FROZEN)
Effective: PENDING
Page No.: 2 of 4



Pricing Plan LLP-90AF (FROZEN) Large Light and Power Service Time-of-Use

Demand Charges (kW)

Generation Capacity Charges	
Summer On-peak demand	\$17.052 per kW
Summer Shoulder-peak demand in excess of 150% of the On-peak demand	\$ 9.552 per kW
Summer Off-peak demand in excess of 150% of the On-peak demand	\$ 2.052 per kW
Winter On-peak demand	\$13.052 per kW
Winter Off-peak demand in excess of 150% of the On-peak demand	\$ 2.052 per kW
Fixed Must-Run	\$2.565 per kW
Transmission	\$4.654 per kW
Transmission Ancillary Services	
System Control & Dispatch	\$0.063 per kW
Reactive Supply and Voltage Control	\$0.248 per kW
Regulation and Frequency Response	\$0.241 per kW
Spinning Reserve Service	\$0.652 per kW
Supplemental Reserve Service	\$0.106 per kW
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Energy Charges (kWh):

Delivery Charge	\$0.005770 per kWh
System Benefits	\$0.000433 per kWh

Fuel and Purchased Power

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.052983	\$0.035623
Shoulder-Peak	\$0.052983	N/A
Off-Peak	\$0.020483	\$0.015623

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LLP-90AF (FROZEN)
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Pricing Plan LLP-90AF (FROZEN)
Large Light and Power Service Time-of-Use

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LLP-90AF (FROZEN)
Effective: PENDING
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Pricing Plan LLP-90F (FROZEN)
Large Light and Power Service Time-of-Use

AVAILABILITY

This pricing plan is frozen to new subscription. Existing customers on LLP-90F who move can remain on LLP-90F or choose from any available non-frozen pricing plan. This program may be terminated upon Arizona Corporation Commission approval.

CHARACTER OF SERVICE

Service shall be three phase, 60 Hertz, and shall be supplied directly from any 46,000 volt, or higher voltage, system through distribution facilities used exclusively to serve Pricing Plan LLP-90F – Frozen to customers at a delivery voltage of not less than 2400/4160 volts and delivered at a single point of delivery unless otherwise specified in the contract.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

BUNDLED STANDARD OFFER SERVICE

Customer Charge and minimum bill \$500.00 per month

Demand Charges (includes Generation Capacity):

Summer On-peak demand \$25.702 per kW
Summer Shoulder-peak demand in excess of 150% of the On-peak demand \$19.452 per kW
Summer Off-peak demand in excess of 150% of the On-peak demand \$13.202 per kW

Winter On-peak demand \$21.702 per kW
Winter Off-peak demand in excess of 150% of the On-peak demand \$ 9.202 per kW

Excess shoulder demand is defined as that positive amount (if any) by which shoulder demand exceeds 150% of on-peak period demand.

Excess off-peak demand is defined as:

- I. that positive amount by which off-peak period demand exceeds shoulder period demand (when and if shoulder period demand is greater than 150% of the on-peak period demand and off-peak period demand exceeds shoulder period demand), or;
- II. that positive amount by which off-peak period demand exceeds 150% of the on-peak period demand (when and if shoulder period demand is less than 150% of the on-peak period demand and off-peak period demand exceeds 150% of the on-peak period demand), or;
- III. zero when the above conditions in I are not met and the above conditions in II are not met.

In the event that excess shoulder and/or excess off-peak demand occur, excess shoulder demand shall be billed at the shoulder price and excess off-peak demand shall be billed at the off-peak price.

Any shoulder consumption remaining from October usage shall be billed at the summer shoulder price in following billing months.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LLP-90F (FROZEN)
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Pricing Plan LLP-90F (FROZEN)
Large Light and Power Service Time-of-Use

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge

\$.000433 per KWh

Fuel and Purchased Power

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.052983	\$0.035623
Shoulder-Peak	\$0.052983	N/A
Off-Peak	\$0.020483	\$0.015623

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

The summer On-Peak period is 1:00 p.m. to 6:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The summer Shoulder period is 6:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day). The winter On-Peak periods are 7:00 a.m. - 11:00 a.m. and 6:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day). All other hours are Off-Peak. If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

BILLING DEMAND

The billing demand shall be specified in the contract, but shall not be less than 3,000 kW. Additionally, the On-Peak billing demand shall not be less than 66.67% of the maximum On-Peak billing demand in the preceding eleven (11) months, unless otherwise specified in the contract.

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PRIMARY SERVICE

The above rate is subject to Primary Service and Metering. The Customer will provide the entire distribution system (including transformers) from the point of delivery to the load. The energy and demand shall be metered on primary side of transformers.

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POWER FACTOR ADJUSTMENT

The above rate is subject to a discount or a charge of 1.3¢ per kW of billing demand for each 1% the average monthly power factor is above or below 90% lagging to a maximum discount of 13.0¢ per kW of billing demand per month.

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BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

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Customer Charge:

Meter Services	\$300.00 per month
Meter Reading	\$ 25.00 per month
Billing & Collection	\$150.00 per month
Customer Delivery	\$ 25.00 per month

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District: Entire Electric Service Area

Tariff No.: LLP-90F (FROZEN)
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Pricing Plan LLP-90F (FROZEN) Large Light and Power Service Time-of-Use

Demand Charges (kW):

Generation Capacity Charges (kW)	
Summer On-peak demand	\$18.562 per kW
Summer Shoulder-peak demand in excess of 150% of the On-peak demand	\$12.312 per kW
Summer Off-peak demand in excess of 150% of the On-peak demand	\$ 6.062 per kW
Winter On-peak demand	
Winter Off-peak demand in excess of 150% of the On-peak demand	\$14.562 per kW
	\$ 2.062 per kW

Fixed Must-Run \$2.147 per kW per month

Transmission \$3.895 per kW per month

Transmission Ancillary Services	
System Control & Dispatch	\$0.053 per kW per month
Reactive Supply and Voltage Control	\$0.208 per kW per month
Regulation and Frequency Response	\$0.202 per kW per month
Spinning Reserve Service	\$0.546 per kW per month
Supplemental Reserve Service	\$0.089 per kW per month
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	

Energy Charges (kWh):

System Benefits \$0.000433 per kWh

Fuel and Purchased Power

	Summer (May - October)	Winter (November - April)
On-Peak	\$0.052983	\$0.035623
Shoulder-Peak	\$0.052983	N/A
Off-Peak	\$0.020483	\$0.015623

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LLP-90F (FROZEN)
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Pricing Plan LLP-90F (FROZEN)
Large Light and Power Service Time-of-Use

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

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Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: LLP-90F (FROZEN)
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Pricing Plan PS-41 Traffic Signal and Street Lighting Service

AVAILABILITY

Available for service to the State, a county, city, town, political subdivision, improvement district, or a responsible person or persons for unincorporated communities for Traffic Signal and Street Lighting purposes where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

Applicable to Customer owned and maintained traffic signals and public street and highway lighting.

Not applicable to resale, breakdown, standby, or auxiliary service.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery approved by the Company.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan.

BUNDLED STANDARD OFFER SERVICE

Energy Charges: All energy charges below are charged on a per kWh basis.

Delivery Charge \$0.045580 per kWh

Fuel and Purchased Power \$0.025817 per kWh

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Energy Charges (kWh):

(NOTE: While some delivery charges are negative, the minimum total monthly bill (excluding services provided by third-party service providers), shall be zero. Negative charges reduce the total monthly bill, but are not permitted to create a negative bill, which would result the customer being paid (rather than paying) for TEP services.)

Delivery Charge (\$0.010747) per kWh

Generation Capacity \$0.019338 per kWh

Fixed Must-Run (See Must-Run Generation - Rider No. 2) \$0.002305 per kWh

System Benefits \$0.000413 per kWh

Transmission \$0.026736 per kWh

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: PS-41
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Pricing Plan PS-41
Traffic Signal and Street Lighting Service

<u>Transmission Ancillary Services</u>	
System Control & Dispatch	\$0.000363 per kWh
Reactive Supply and Voltage Control	\$0.001427 per kWh
Regulation and Frequency Response	\$0.001383 per kWh
Spinning Reserve Service	\$0.003750 per kWh
Supplemental Reserve Service	\$0.000612 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	
<u>Fuel and Purchased Power</u>	\$0.025817 per kWh

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this pricing plan will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

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Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: PS-41
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Pricing Plan PS-40 Municipal Service

AVAILABILITY

Available for Municipal Service where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

Applicable for service to the City of Tucson and City of South Tucson for Municipal buildings and grounds.

Not applicable to resale, breakdown, standby, or auxiliary service or to buildings used for residential purposes.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, at secondary voltage and subject to availability at point of delivery approved by the Company.

RATE

A monthly net bill at the following rate, plus any adjustments incorporated in this pricing plan.

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BUNDLED STANDARD OFFER SERVICE

Energy Charges: All energy charges below are charged on a per kWh basis.

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Delivery Charge

Summer (May - October)

\$0.057530 per kWh

Winter (November - April)

\$0.053159 per kWh

Fuel and Purchased Power:

Summer

\$0.032245 per kWh

Winter

\$0.024745 per kWh

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

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BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Energy Charges (kWh):

Delivery Charge

\$0.016298 per kWh

Generation Capacity

Summer

\$0.029653 per kWh

Winter

\$0.025283 per kWh

Fixed Must-Run

\$0.003289 per kWh

System Benefits

\$0.000434 per kWh

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

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Effective: PENDING
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Pricing Plan PS-40 Municipal Service

Transmission	\$0.006129 per kWh
Transmission Ancillary Services	
System Control & Dispatch	\$0.000083 per kWh
Reactive Supply and Voltage Control	\$0.000327 per kWh
Regulation and Frequency Response	\$0.000317 per kWh
Spinning Reserve Service	\$0.000860 per kWh
Supplemental Reserve Service	\$0.000140 per kWh
Energy Imbalance Service: currently charged pursuant to the Company's OATT.	
Fuel and Purchased Power:	
Summer	\$0.032245 per kWh
Winter	\$0.024745 per kWh

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DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

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FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

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TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: PS-40
Effective: PENDING
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Pricing Plan PS-43 Municipal Water Pumping Service

AVAILABILITY

Available for service to the City of Tucson Water Utility and private water Companies where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

Applicable for service to booster stations and wells used for domestic water supply.

Not applicable to resale, breakdown, standby, or auxiliary service.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as elected by Customer and subject to availability at point of delivery approved by the Company. Primary metering may be used by mutual agreement.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan.

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BUNDLED STANDARD OFFER SERVICE

Energy Charges: All energy charges below are charged on a per kWh basis.

Firm Service

Delivery Charge

Summer (May – October)

\$0.060347 per kWh

Winter (November – April)

\$0.055731 per kWh

Interruptible Service

Delivery Charge

Summer (May – October)

\$0.027281 per kWh

Winter (November – April)

\$0.025911 per kWh

Fuel and Purchased Power for Firm and Interruptible Service:

Summer

\$0.029868 per kWh

Winter

\$0.022368 per kWh

Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

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Primary Voltage Discount

A discount of 5% will be allowed from the above rates where Customer owns the transformers and service is metered at primary voltage.

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Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: PS-43
Effective: PENDING
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Pricing Plan PS-43
Municipal Water Pumping Service

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

Energy Charges (kWh):

Firm Service

Delivery Charge \$0.000528 per kWh

Generation Capacity

Summer \$0.048240 per kWh

Winter \$0.043624 per kWh

Interruptible Service

Delivery Charge \$0.006054 per kWh

Generation Capacity (Interruptible Service)

Summer \$0.009648 per kWh

Winter \$0.008278 per kWh

Fixed Must-Run

\$0.003289 per kWh

System Benefits

\$0.000434 per kWh

Transmission

\$0.006129 per kWh

Transmission Ancillary Services

System Control & Dispatch \$0.000083 per kWh

Reactive Supply and Voltage Control \$0.000327 per kWh

Regulation and Frequency Response \$0.000317 per kWh

Spinning Reserve Service \$0.000860 per kWh

Supplemental Reserve Service \$0.000140 per kWh

Energy Imbalance Service: currently charged pursuant to the Company's OATT.

Fuel and Purchased Power for Firm and Interruptible Service:

Summer \$0.029868 per kWh

Winter \$0.022368 per kWh

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DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: PS-43
Effective: PENDING
Page No.: 2 of 3



Pricing Plan PS-43
Municipal Water Pumping Service

TERMS AND CONDITIONS OF INTERRUPTIBLE SERVICE

1. Customer must furnish, install, own, and maintain at each point of delivery all necessary Company approved equipment which will enable the Company to interrupt service with its master control station.
2. Service may be interrupted by Company during certain periods of the day not exceeding six hours in any 24-hour period.
3. Company will endeavor to give Customer one hour notice of impending interruption; however, service may be interrupted without notice should Company deem such action necessary.
4. The interruptible load shall be separately served and metered and shall at no time be connected to facilities serving Customer's firm load. Conversely, the firm load shall be separately served and metered and shall at no time be connected to facilities serving Customer's interruptible load.
5. Company shall not be liable for any loss or damage caused by or resulting from any interruption of service.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: PS-43
Effective: PENDING
Page No.: 3 of 3



Pricing Plan PS-50 Public Street Lighting Service

AVAILABILITY

Available for service for lighting public streets, alleys, thoroughfares, public parks, and playgrounds by use of Company's standard facilities where such service is contracted under this pricing plan by the state, a county, city, town, political subdivision, improvement district, or a responsible person or persons for unincorporated communities.

APPLICABILITY

Applicable to street lighting service from dusk to dawn and Company will own, operate, and maintain the street light system including lamps and globe replacements.

CHARACTER OF SERVICE

Multiple or series street lighting system at option of Company and at one standard nominal voltage.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan.

BUNDLED STANDARD OFFER SERVICE

Delivery Charge

Service	55OH, 55P, 55UG	70UG	100 Watt	250 Watt	400 Watt	Underground Service	Pole
per unit per month	\$7.390	\$7.390	\$7.390	\$11.092	\$17.110	\$14.014	\$2.582

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Note:

The watt high pressure sodium lamps are charged per unit per month.

Per one pole addition and an extension of up to 100 feet of overhead service are charged per pole.

Underground Service is per 100 watt or less high pressure sodium lamp unit per month mounted on standard pole.

Fuel and Purchased Power

	55OH, 55P, 55UG	70UG	100 Watt	250 Watt	400 Watt	Underground Service	Pole
per unit per month	\$0.427	\$0.543	\$0.776	\$1.940	\$3.104	\$0.000	\$0.000

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Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: PS-50
Effective: PENDING
Page No.: 1 of 3



Pricing Plan PS-50 Public Street Lighting Service

STANDARD LAMP UNITS, OVERHEAD SERVICE

- (1) The standard 100 watt lamp unit for overhead service is a 9,500 lumen high pressure sodium unit, mounted on a four foot mast arm and controlled by a photoelectric cell. This unit will be mounted on a pole approximately 25 feet above ground level.
- (2) The standard 250 watt lamp unit for overhead service is a 27,500 lumen high pressure sodium unit, mounted on an eight foot mast arm and controlled by a photoelectric cell. This unit will be mounted on a pole approximately 27 feet above ground level.
- (3) The standard 400 watt lamp unit for overhead service is a 50,000 lumen high pressure sodium unit, mounted on an eighteen foot mast arm and controlled by a photoelectric cell. This unit will be mounted on a pole approximately 35 feet above ground level.
- (4) The standard 100 watt lamp unit for underground service is a 9,500 lumen high pressure sodium post top unit mounted on a pole approximately 15 feet above ground level.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

	55OH, 55P, 55UG	70UG	100 Watt	250 Watt	400 Watt
Delivery Charge	\$6.458	\$6.204	\$5.697	\$6.860	\$10.337
Generation Capacity	\$0.320	\$0.407	\$0.581	\$1.453	\$2.325
Fixed Must-Run	\$0.038	\$0.048	\$0.069	\$0.173	\$0.277
System Benefits	\$0.007	\$0.009	\$0.120	\$0.031	\$0.050
Transmission	\$0.442	\$0.563	\$0.804	\$2.009	\$3.214
Transmission Ancillary					
System Control & Load Dispatch	\$0.006	\$0.008	\$0.011	\$0.027	\$0.044
Reactive Supply and Voltage Control	\$0.024	\$0.030	\$0.043	\$0.107	\$0.172
Regulation and Frequency Response	\$0.023	\$0.029	\$0.042	\$0.104	\$0.166
Spinning Reserve Service	\$0.062	\$0.079	\$0.113	\$0.282	\$0.451
Supplemental Reserve Service	\$0.010	\$0.013	\$0.018	\$0.046	\$0.074
Energy Imbalance Service: currently charged pursuant to the Company's OATT.					
Fuel and Purchased Power	\$0.427	\$0.543	\$0.776	\$1.940	\$3.104

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this pricing plan will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: PS-50
Effective: PENDING
Page No.: 2 of 3



Pricing Plan PS-50
Public Street Lighting Service

SPECIAL PROVISIONS

- (1) Installation of a light on an existing pole is subject to prior approval of Company.
- (2) For underground service, where customer provides trenching up to 10 feet in accordance with Company's electric service requirements, customer shall be billed at the rates for overhead service.
- (3) Extensions beyond 100 feet and all installations other than those addressed in this pricing plan will require specific agreements providing adequate revenue or arrangements for construction financing.
- (4) The Customer is not authorized to make connections to this lighting circuit or to make attachments or alterations to the Company owned pole.
- (5) If a Customer requests a relocation of a lighting installation, the costs of such relocation must be borne by the Customer.
- (6) The Customer is expected to notify the Company when lamp outages occur.
- (7) The Company will use diligence in maintaining service; however, monthly bills will not be reduced because of lamp outages.
- (8) After the minimum contract period, if any, has expired, this agreement shall be extended from year to year unless written notice of desire to terminate is given by either party at least thirty (30) days prior to the end of any such annual extension date.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

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Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: PS-50
Effective: PENDING
Page No.: 3 of 3



Pricing Plan GS-51
Private Street and Area Lighting Service

AVAILABILITY

At any point where the Company in its judgment has facilities of adequate capacity and suitable voltage available.

APPLICABILITY

To any Customer for private street or outdoor area lighting where this service can be supplied from existing facilities of the Company.

Service is from dusk to dawn and the Company will install, own, operate, and maintain the complete lighting installation including lamp replacements.

Not applicable to resale service.

CHARACTER OF SERVICE

Multiple or series street lighting system at option of Company and at one standard nominal voltage.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan.

BUNDLED STANDARD OFFER SERVICE

Delivery Charge

Service	55OH, 55P, 55UG	70UG	100 Watt	250 Watt	400 Watt	Underground Service	Pole
per unit per month	\$7.390	\$7.390	\$7.390	\$11.092	\$17.110	\$14.014	\$2.582

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Note:

The watt high pressure sodium lamps are charged per unit per month.

Per one pole addition and an extension of up to 100 feet of overhead service are charged per pole.

Underground Service is per 100 watt or less high pressure sodium lamp unit per month mounted on standard pole.

Fuel and Purchased Power

	55OH, 55P, 55UG	70UG	100 Watt	250 Watt	400 Watt	Underground Service	Pole
per unit per month	\$0.427	\$0.543	\$0.776	\$1.940	\$3.104	\$0.000	\$0.000

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Purchased Power Fuel Adjuster Clause ("PPFAC"): The Fuel and Purchased Power Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: GS-51
Effective: PENDING
Page No.: 1 of 3



Pricing Plan GS-51 Private Street and Area Lighting Service

STANDARD LAMP UNITS, OVERHEAD SERVICE

- (1) The standard 100 watt lamp unit for overhead service is a 9,500 lumen high pressure sodium unit, mounted on a four foot mast arm and controlled by a photoelectric cell. This unit will be mounted on a pole approximately 25 feet above ground level.
- (2) The standard 250 watt lamp unit for overhead service is a 27,500 lumen high pressure sodium unit, mounted on an eight foot mast arm and controlled by a photoelectric cell. This unit will be mounted on a pole approximately 27 feet above ground level.
- (3) The standard 400 watt lamp unit for overhead service is a 50,000 lumen high pressure sodium unit, mounted on an eighteen foot mast arm and controlled by a photoelectric cell. This unit will be mounted on a pole approximately 35 feet above ground level.
- (4) The standard 100 watt lamp unit for underground service is a 9,500 lumen high pressure sodium post top unit mounted on a pole approximately 15 feet above ground level.

BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

	55OH, 55P, 55UG	70UG	100 Watt	250 Watt	400 Watt
Delivery Charge	\$6.458	\$6.204	\$5.697	\$6.860	\$10.337
Generation Capacity	\$0.320	\$0.407	\$0.581	\$1.453	\$2.325
Fixed Must-Run	\$0.038	\$0.048	\$0.069	\$0.173	\$0.277
System Benefits	\$0.007	\$0.009	\$0.120	\$0.031	\$0.050
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System Control & Load Dispatch	\$0.006	\$0.008	\$0.011	\$0.027	\$0.044
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Spinning Reserve Service	\$0.062	\$0.079	\$0.113	\$0.282	\$0.451
Supplemental Reserve Service	\$0.010	\$0.013	\$0.018	\$0.046	\$0.074
Energy Imbalance Service: currently charged pursuant to the Company's OATT.					
Fuel and Purchased Power	\$0.427	\$0.543	\$0.776	\$1.940	\$3.104

DIRECT ACCESS

A customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this pricing plan will be applied to the customer's bill.

FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AISA in Arizona.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: GS-51
Effective: PENDING
Page No.: 2 of 3



Pricing Plan GS-51
Private Street and Area Lighting Service

SPECIAL PROVISIONS

- (1) Installation of a light on an existing pole is subject to prior approval of Company.
- (2) For underground service, where customer provides trenching up to 10 feet in accordance with Company's electric service requirements customer shall be billed at the rates for overhead service.
- (3) Extensions beyond 100 feet and all installations other than those addressed in this pricing plan will require specific agreements providing adequate revenue or arrangements for construction financing.
- (4) The Customer is not authorized to make connections to this lighting circuit or to make attachments or alterations to the Company owned pole.
- (5) If a Customer requests a relocation of a lighting installation, the costs of such relocation must be borne by the Customer.
- (6) The Customer is expected to notify the Company when lamp outages occur.
- (7) The Company will use diligence in maintaining service; however, monthly bills will not be reduced because of lamp outages.
- (8) After the minimum contract period, if any, has expired, this agreement shall be extended from year to year unless written notice of desire to terminate is given by either party at least thirty (30) days prior to the end of any such annual extension date.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

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Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: GS-51
Effective: PENDING
Page No.: 3 of 3



**Pricing Plan PRS-10 (Experimental)
Partial Requirements Service Less Than 200 kW**

A UniSource Energy Company

AVAILABILITY

This Pricing Plan is available in all territory served by the Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the premises served and when all applicable provisions described herein have been met.

APPLICABILITY

This Pricing Plan is applicable to any non-residential customer requiring partial requirements services, including backup energy, standby capacity, maintenance energy, or supplemental energy and capacity, in addition to regular electric requirements obtained from any service other than the Company. This Pricing Plan is applicable to customers with an aggregate partial requirements service load less than 200 kW. This Pricing Plan is not applicable to resale service or where on-site generation is used only during a utility outage.

CHARACTER OF SERVICE

The service shall be single- or three-phase, 60 Hertz, at one standard nominal voltage as mutually agreed and subject to availability at the point of delivery. Primary metering may be used by mutual agreement between the Company and the Customer.

BUNDLED PRICES

The total monthly bill will be the sum of the delivery charges plus the market-based generation charges.

Delivery Charges – monthly

	<u>Summer Billing Months</u> (May – October)	<u>Winter Billing Months</u> (November – April)
<u>Backup/Standby Service</u>		
Customer Charge	\$ 124.90	\$ 124.90
Standby Demand Charge per kW	\$ 8.34	\$ 8.34
Backup Energy Charge per kWh	\$ 0.032612	\$ 0.024602
<u>Supplemental Service</u>		
Demand Charge per kW	\$ 4.17	\$ 4.17
Energy Charge per kWh	\$ 0.068778	\$ 0.051885

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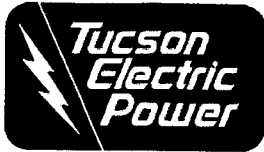
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COO/UDC

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Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: PRS-10 (Experimental)
Effective: PENDING
Page No.: 1 of 5



Pricing Plan PRS-10 (Experimental) Partial Requirements Service Less Than 200 kW

A UniSource Energy Company

Market-based Generation Charges

Generation-related charges will be billed at a monthly market-based price dependent upon time of day. The price will be based upon a modified Market Generation Credit mechanism plus an additional procurement charge of 10% of the total generation-related charges. See Schedule MGC-2 for details.

Power Factor Adjustment

The above rate is subject to a discount or a charge of 1.3 cents per kW of billing demand for each 1% the average monthly power factor is above or below 90% lagging to a maximum discount of 13.0 cents per kW of billing demand per month.

Three-phase Service

An additional monthly charge of \$7.43 shall apply to customers receiving three-phase service.

Arizona Independent Scheduling Administrator (AISA) Charge

A per kWh charge shall be applied for costs associated with the implementation of the AISA, or any FERC mandated Grid Management Organization, in Arizona, in accordance with the ACC or FERC approved charges for the service hereunder. Direct access customers will be billed this charge by their scheduling coordinator.

Minimum Bill

The Minimum Bill for Backup/Standby Service is equal to the sum of the greater of the Minimum Contract Demand or the Backup/Standby Service Billing Demand times the Standby Demand Charge per kW plus the Backup/Standby Service Customer Charge per month.

The Minimum Bill for Supplemental Service is equal to the sum of the Minimum Bill for Backup/Standby Service plus the greater of the Minimum Contract Demand or the Supplemental Service Billing Demand times the Supplemental Demand Charge per kW.

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Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: PRS-10 (Experimental)
Effective: PENDING
Page No.: 2 of 5



**Pricing Plan PRS-10 (Experimental)
Partial Requirements Service Less Than 200 kW**

A UniSource Energy Company

TERMS AND CONDITIONS

1. Service Requirements

This Pricing Plan consists of rates charged for two general types of service--Backup/Standby Service and Supplemental Service. The use of Backup/Standby Service occurs when the Customer's total generating resources covered under PRS-10 are unavailable, such as during forced generator outages (when the Customer's generator is not operational) and unforced or planned outages (when the Customer's generator requires maintenance). The use of Supplemental Service occurs when the Customer requires power in addition to that generated by the Customer to meet the Customer's total energy requirements.

The Customer may elect to take Backup/Standby service only, or Supplemental Service in addition to Backup/Standby service. However, when the Customer's Partial Requirements Usage Percentage (PRUP) in any given billing period exceeds 5%, the Customer's Energy Charge per kWh under Backup/Standby Service will be converted to the Energy Charge per kWh under Supplemental Service for all kilowatt-hours in excess of 5% for the billing period.

The PRUP is calculated as follows:

$$PRUP = \frac{\text{Backup Energy Purchased under Backup/Standby Service}}{\text{Billing Demand for Backup/Standby Service} \times \text{Hours in Billing Period}}$$

2. Contract

The Customer shall contract for a Term and a Minimum Contract Demand (for either Backup/Standby and Supplemental Service as applicable) and shall conform to all applicable interconnection requirements as mandated either by government or by the Company.

3. Direct Assignment of Interconnection Costs

Prior to construction, the Customer will advance to the Company the total amount of the estimated interconnection construction costs directly related to distribution and transmission service. For each of the first five years of metered use up to the amount of the advance, the Company will refund to the Customer 40% of the annual revenue received based on the unbundled charges under this tariff that are associated with the facilities installed (e.g. revenue from the distribution secondary charge for 13.8 kV facilities). The refund, without interest, will be made one month after each full year of service.

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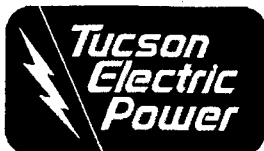
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Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire Electric Service Area

Tariff No.: PRS-10 (Experimental)
Effective: PENDING
Page No.: 3 of 5



Pricing Plan PRS-10 (Experimental) Partial Requirements Service Less Than 200 kW

A UniSource Energy Company

The Customer will furnish, install, and maintain incremental non-distribution system or non-transmission system equipment at his expense. The equipment must meet the standards of the Company's Electric Service Requirements.

Direct Assignment of Incremental Interconnection Costs

In the event that either the fifteen (15) minute demand in the billing month or the maximum fifteen (15) minute demand in the preceding 23 billing months exceeds the Maximum Contract Demand and the Company must expand facilities to meet the additional load, the Customer shall pay for the cost of the incremental facilities.

4. Billing Demand

Backup/Standby Service and Supplemental Service have separate demand charges. For both services, the Billing Demand in any month is the greater of (i) the maximum fifteen (15) minute demand in that month or (ii) the maximum fifteen (15) minute demand in the preceding 23 billing months, or (iii) the Minimum Contract Demand as set forth by mutual agreement. The Minimum Contract Demand for Backup/Standby Service shall be based on the measured kW output of each generating unit at the time of the start-up test.

5. Additional Equipment

Service under this Pricing Plan shall require the appropriate interval metering equipment to allow identification of accurate inbound load flows from the Company. This equipment shall require a dedicated telephone line that is to be installed and maintained by the Customer.

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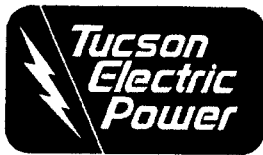
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Tariff No.: PRS-10 (Experimental)
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**Pricing Plan PRS-10 (Experimental)
Partial Requirements Service Less Than 200 kW**

A UniSource Energy Company

ADDITIONAL NOTES

1. There shall be a \$13.50 charge for the initial establishment of each new service for each customer. There shall be a \$13.50 charge for the re-establishment of each service for each customer.
2. The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where consistent with this Pricing Plan.
3. To the charges computed under the above Pricing Plan, including any adjustments, shall be added the applicable proportionate part of any taxes, governmental impositions, or ACC-mandated assessments which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.
4. Energy Imbalance service is currently charged pursuant to the Company's Open Access Transmission Tariff, which is subject to change pursuant to AISA protocols. A loss factor adjustment (5.4%) shall be made for Transmission and Ancillary Services.

RELATED SCHEDULES

- Schedule MGC-2 – Market Generation Credit (MGC) Calculation for Partial Requirements Services
- Environmental Portfolio Surcharge – Rider No. 6
- Tucson Electric Power Company – Rules and Regulations

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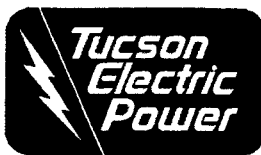
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**Pricing Plan PRS-13 (Experimental)
Partial Requirements Service
From 200 kW to Less Than 3,000 kW**

A UniSource Energy Company

AVAILABILITY

This Pricing Plan is available in all territory served by the Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the premises served and when all applicable provisions described herein have been met.

APPLICABILITY

This Pricing Plan is applicable to any non-residential customer requiring partial requirements services, including backup energy, standby capacity, maintenance energy, or supplemental energy and capacity, in addition to regular electric requirements obtained from any service other than the Company. This Pricing Plan is applicable to customers with an aggregate partial requirements service load from 200 kW to less than 3,000 kW. This Pricing Plan is not applicable to resale service or where on-site generation is used only during a utility outage.

CHARACTER OF SERVICE

The service shall be single- or three-phase, 60 Hertz, at one standard nominal voltage as mutually agreed and subject to availability at the point of delivery. Primary metering may be used by mutual agreement between the Company and the Customer.

BUNDLED PRICES

The total monthly bill will be the sum of the delivery charges plus the market-based generation charges.

Delivery Charges – monthly

	<u>Summer Billing Months</u> (May – October)	<u>Winter Billing Months</u> (November – April)
<u>Backup/Standby Service</u>		
Customer Charge (first 200 kW)	\$ 1,675.88	\$ 1,675.88
Standby Demand Charge (all additional kW)	\$ 4.47	\$ 4.47
Backup Energy Charge per kWh	\$ 0.010458	\$ 0.008557
<u>Supplemental Service</u>		
Demand Charge per kW	\$ 1.97	\$ 1.97
Energy Charge per kWh	\$ 0.052290	\$ 0.042783

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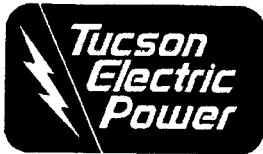
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A UniSource Energy Company

**Pricing Plan PRS-13 (Experimental)
Partial Requirements Service
From 200 kW to Less Than 3,000 kW**

Market-based Generation Charges

Generation-related charges will be billed at a monthly market-based price dependent upon time of day. The price will be based upon a modified Market Generation Credit mechanism plus an additional procurement charge of 10% of the total generation-related charges. See Schedule MGC-2 for details.

Power Factor Adjustment

The above rate is subject to a discount or a charge of 1.3 cents per kW of billing demand for each 1% the average monthly power factor is above or below 90% lagging to a maximum discount of 13.0 cents per kW of billing demand per month.

Three-phase Service

An additional monthly charge of \$7.43 shall apply to customers receiving three-phase service.

Arizona Independent Scheduling Administrator (AISA) Charge

A per kWh charge shall be applied for costs associated with the implementation of the AISA, or any FERC mandated Grid Management Organization, in Arizona, in accordance with the ACC or FERC approved charges for the service hereunder. Direct access customers will be billed this charge by their scheduling coordinator.

Minimum Bill

The Minimum Bill for Backup/Standby Service is equal to the sum of the greater of the Minimum Contract Demand or the Backup/Standby Service Billing Demand times the Standby Demand Charge per kW plus the Backup/Standby Service Customer Charge per month.

The Minimum Bill for Supplemental Service is equal to the sum of the Minimum Bill for Backup/Standby Service plus the greater of the Minimum Contract Demand or the Supplemental Service Billing Demand times the Supplemental Demand Charge per kW.

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A UniSource Energy Company

**Pricing Plan PRS-13 (Experimental)
Partial Requirements Service
From 200 kW to Less Than 3,000 kW**

TERMS AND CONDITIONS

1. Service Requirements

This Pricing Plan consists of rates charged for two general types of service--Backup/Standby Service and Supplemental Service. The use of Backup/Standby Service occurs when the Customer's total generating resources covered under PRS-13 are unavailable, such as during forced generator outages (when the Customer's generator is not operational) and unforced or planned outages (when the Customer's generator requires maintenance). The use of Supplemental Service occurs when the Customer requires power in addition to that generated by the Customer to meet the Customer's total energy requirements.

The Customer may elect to take Backup/Standby service only, or Supplemental Service in addition to Backup/Standby service. However, when the Customer's Partial Requirements Usage Percentage (PRUP) in any given billing period exceeds 5%, the Customer's Energy Charge per kWh under Backup/Standby Service will be converted to the Energy Charge per kWh under Supplemental Service for all kilowatt-hours in excess of 5% for the billing period.

The PRUP is calculated as follows:

$$PRUP = \frac{\text{Backup Energy Purchased under Backup/Standby Service}}{\text{Billing Demand for Backup/Standby Service} \times \text{Hours in Billing Period}}$$

2. Contract

The Customer shall contract for a Term and a Minimum Contract Demand (for either Backup/Standby and Supplemental Service as applicable) and shall conform to all applicable interconnection requirements as mandated either by government or by the Company.

3. Direct Assignment of Interconnection Costs

Prior to construction, the Customer will advance to the Company the total amount of the estimated interconnection construction costs directly related to distribution and transmission service. For each of the first five years of metered use up to the amount of the advance, the Company will refund to the Customer 40% of the annual revenue received based on the unbundled charges under this tariff that are associated with the facilities installed (e.g. revenue from the distribution secondary charge for 13.8 kV facilities). The refund, without interest, will be made one month after each full year of service.

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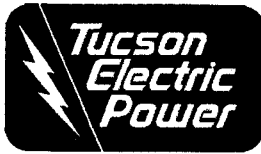
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**Pricing Plan PRS-13 (Experimental)
Partial Requirements Service
From 200 kW to Less Than 3,000 kW**

A UniSource Energy Company

The Customer will furnish, install, and maintain incremental non-distribution system or non-transmission system equipment at his expense. The equipment must meet the standards of the Company's Electric Service Requirements.

Direct Assignment of Incremental Interconnection Costs

In the event that either the fifteen (15) minute demand in the billing month or the maximum fifteen (15) minute demand in the preceding 23 billing months exceeds the Maximum Contract Demand and the Company must expand facilities to meet the additional load, the Customer shall pay for the cost of the incremental facilities.

4. Billing Demand

Backup/Standby Service and Supplemental Service have separate demand charges. For both services, the Billing Demand in any month is the greater of (i) the maximum fifteen (15) minute demand in that month or (ii) the maximum fifteen (15) minute demand in the preceding 23 billing months, or (iii) the Minimum Contract Demand as set forth by mutual agreement. The Minimum Contract Demand for Backup/Standby Service shall be based on the measured kW output of each generating unit at the time of the start-up test.

5. Additional Equipment

Service under this Pricing Plan shall require the appropriate interval metering equipment to allow identification of accurate inbound load flows from the Company. This equipment shall require a dedicated telephone line that is to be installed and maintained by the Customer.

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**Pricing Plan PRS-13 (Experimental)
Partial Requirements Service
From 200 kW to Less Than 3,000 kW**

A UniSource Energy Company

ADDITIONAL NOTES

1. There shall be a \$13.50 charge for the initial establishment of each new service for each customer. There shall be a \$13.50 charge for the re-establishment of each service for each customer.
2. The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where consistent with this Pricing Plan.
3. To the charges computed under the above Pricing Plan, including any adjustments, shall be added the applicable proportionate part of any taxes, governmental impositions, or ACC-mandated assessments which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.
4. Energy Imbalance service is currently charged pursuant to the Company's Open Access Transmission Tariff, which is subject to change pursuant to AISA protocols. A loss factor adjustment (5.4%) shall be made for Transmission and Ancillary Services.

RELATED SCHEDULES

- Schedule MGC-2 – Market Generation Credit (MGC) Calculation for Partial Requirements Services
- Environmental Portfolio Surcharge – Rider No. 6
- Tucson Electric Power Company – Rules and Regulations

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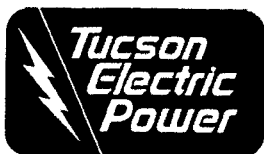
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**Pricing Plan PRS-14 (Experimental)
Partial Requirements Service
3,000 kW and Greater**

A UniSource Energy Company

AVAILABILITY

This Pricing Plan is available in all territory served by the Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the premises served and when all applicable provisions described herein have been met.

APPLICABILITY

This Pricing Plan is applicable to any non-residential customer requiring partial requirements services, including backup energy, standby capacity, maintenance energy, or supplemental energy and capacity, in addition to regular electric requirements obtained from any service other than the Company. This Pricing Plan is applicable to customers with an aggregate partial requirements service load of 3,000 kW and higher. This Pricing Plan is not applicable to resale service or where on-site generation is used only during a utility outage.

CHARACTER OF SERVICE

The service shall be three-phase, 60 Hertz, and shall be supplied directly from any 46,000 volt or higher voltage system through distribution facilities used exclusively to serve PRS-14 customers at a delivery voltage of not less than 2,400/4,160 volts and delivered at a single point of delivery unless otherwise specified in the contract.

BUNDLED PRICES

The total monthly bill will be the sum of delivery charges plus the market-based generation charges.

Delivery Charges – monthly

	<u>Summer Billing Months</u> (May – October)	<u>Winter Billing Months</u> (November – April)
<u>Backup/Standby Service</u>		
Standby Demand Charge per kW	\$ 4.48	\$ 4.48
Backup Energy Charge per kWh	\$ 0.004761	\$ 0.003896
<u>Supplemental Service</u>		
Demand Charge per kW	\$ 2.00	\$ 2.00
Energy Charge per kWh	\$ 0.031743	\$ 0.025972

Market-based Generation Charges

Generation-related charges will be billed at a monthly market-based price dependent upon time of day. The price will be based upon a modified Market Generation Credit mechanism plus an additional procurement charge of 10% of the total generation-related charges. See Schedule MGC-2 for details.

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**Pricing Plan PRS-14 (Experimental)
Partial Requirements Service
3,000 kW and Greater**

A UniSource Energy Company

Power Factor Adjustment

The above rate is subject to a discount or a charge of 1.3 cents per kW of billing demand for each 1% the average monthly power factor is above or below 90% lagging to a maximum discount of 13.0 cents per kW of billing demand per month.

Arizona Independent Scheduling Administrator (AISA) Charge

A per kWh charge shall be applied for costs associated with the implementation of the AISA, or any FERC mandated Grid Management Organization, in Arizona, in accordance with the ACC or FERC approved charges for the service hereunder. Direct access customers will be billed this charge by their scheduling coordinator.

Minimum Bill

The Minimum Bill for Backup/Standby Service is equal to the sum of the greater of the Minimum Contract Demand or the Backup/Standby Service Billing Demand times the Standby Demand Charge per kW plus the Backup/Standby Service Customer Charge per month.

The Minimum Bill for Supplemental Service is equal to the sum of the Minimum Bill for Backup/Standby Service plus the greater of the Minimum Contract Demand or the Supplemental Service Billing Demand times the Supplemental Demand Charge per kW.

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**Pricing Plan PRS-14 (Experimental)
Partial Requirements Service
3,000 kW and Greater**

A UniSource Energy Company

TERMS AND CONDITIONS

1. Service Requirements

This Pricing Plan consists of rates charged for two general types of service--Backup/Standby Service and Supplemental Service. The use of Backup/Standby Service occurs when the Customer's total generating resources covered under PRS-14 are unavailable, such as during forced generator outages (when the Customer's generator is not operational) and unforced or planned outages (when the Customer's generator requires maintenance). The use of Supplemental Service occurs when the Customer requires power in addition to that generated by the Customer to meet the Customer's total energy requirements.

The Customer may elect to take Backup/Standby service only, or Supplemental Service in addition to Backup/Standby service. However, when the Customer's Partial Requirements Usage Percentage (PRUP) in any given billing period exceeds 5%, the Customer's Energy Charge per kWh under Backup/Standby Service will be converted to the Energy Charge per kWh under Supplemental Service for all kilowatt-hours in excess of 5% for the billing period.

The PRUP is calculated as follows:

$$PRUP = \frac{\text{Backup Energy Purchased under Backup/Standby Service}}{\text{Billing Demand for Backup/Standby Service} \times \text{Hours in Billing Period}}$$

2. Contract

The Customer shall contract for a Term, a Minimum Contract Demand (for either Backup/Standby and Supplemental Service as applicable), a Maximum Contract Demand (for either Backup/Standby and Supplemental Service as applicable), and shall conform to all applicable interconnection requirements as mandated either by government or by the Company.

3. Direct Assignment of Interconnection Costs

Prior to construction, the Customer will advance to the Company the total amount of the estimated interconnection construction costs directly related to distribution and transmission service. For each of the first five years of metered use up to the amount of the advance, the Company will refund to the Customer 40% of the annual revenue received based on the unbundled charges under this tariff that are associated with the facilities installed (e.g. revenue from the distribution secondary charge for 13.8 kV facilities). The refund, without interest, will be made one month after each full year of service.

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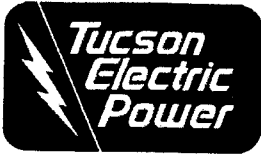
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**Pricing Plan PRS-14 (Experimental)
Partial Requirements Service
3,000 kW and Greater**

A UniSource Energy Company

The Customer will furnish, install, and maintain incremental non-distribution system or non-transmission system equipment at his expense. The equipment must meet the standards of the Company's Electric Service Requirements.

Direct Assignment of Incremental Interconnection Costs

In the event that either the fifteen (15) minute demand in the billing month or the maximum fifteen (15) minute demand in the preceding 23 billing months exceeds the Maximum Contract Demand and the Company must expand facilities to meet the additional load, the Customer shall pay for the cost of the incremental facilities.

4. Billing Demand

Backup/Standby Service and Supplemental Service have separate demand charges. For both services, the Billing Demand in any month is the greater of (i) the maximum fifteen (15) minute demand in that month or (ii) the maximum fifteen (15) minute demand in the preceding 23 billing months, or (iii) the Minimum Contract Demand as set forth by mutual agreement. The Minimum Contract Demand for Backup/Standby Service shall be based on the measured kW output of each generating unit at the time of the start-up test.

5. Additional Equipment

Service under this Pricing Plan shall require the appropriate interval metering equipment to allow identification of accurate inbound load flows from the Company. This equipment shall require a dedicated telephone line that is to be installed and maintained by the Customer.

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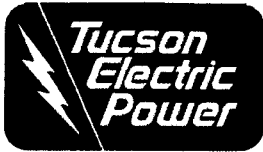
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**Pricing Plan PRS-14 (Experimental)
Partial Requirements Service
3,000 kW and Greater**

A UniSource Energy Company

ADDITIONAL NOTES

1. The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where consistent with this Pricing Plan.
2. To the charges computed under the above Pricing Plan, including any adjustments, shall be added the applicable proportionate part of any taxes, governmental impositions, or ACC-mandated assessments which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.
3. Energy Imbalance service is currently charged pursuant to the Company's Open Access Transmission Tariff, which is subject to change pursuant to AISA protocols. A loss factor adjustment (5.4%) shall be made for Transmission and Ancillary Services.

RELATED SCHEDULES

- Schedule MGC-2 – Market Generation Credit (MGC) Calculation for Partial Requirements Services
- Environmental Portfolio Surcharge – Rider No. 6
- Tucson Electric Power Company – Rules and Regulations

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Pricing Plan PRS-101
Non-Firm Power Purchase from Renewable Energy
Resources and Qualifying Cogeneration Facilities of 100
kW or Less Capacity

AVAILABILITY

Available throughout Company's entire electric service area to any Customer with certified capacity of 100 kW or less generating through the use of renewable energy resources or qualifying cogeneration facilities providing non-firm power.

PRICE

For all energy billed which is supplied by the Customer to the Company, the price shall be the Company's Market Generation Credit (MGC) as specified in Schedule MGC-1.

CONDITIONS OF PURCHASE

- 1) The Customer shall be responsible for all interconnection costs unless otherwise indicated by the Company. In addition, Customer shall conform to all applicable interconnection requirements as mandated either by government or by the Company.
- 2) The Customer shall operate its electric generating equipment in accordance with Company rules, regulations, and service requirements.
- 3) The Customer shall, at its option, operate in one of the following two system configurations:
 - a) Parallel Mode – The Customer's self-generation facilities first supply its own electric requirements with any excess power being sold to the Company at the MGC. The Company shall sell power to the Customer as required by the Customer under the Company's applicable Pricing Plan.
 - b) Simultaneous Buy/Sell Mode – The Customer's total generation output is sold directly to the Company and the Customer's total electric requirements are met by sales from the Company. Billing for purchases and sales shall be calculated, at the Customer's option, in either of three methods:
 - i) Net bill method: The kWh sold to the Company shall be subtracted from the kWh purchased from Company. If the kWh calculation is net positive, the Company will sell the net kWh to the Customer under the applicable Pricing Plan. If the kWh calculation is net negative, the Company will purchase the net kWh from the Customer at the MGC. Time of use bi-directional metering is not available.
 - ii) Separate bill method: All purchases and sales shall be treated separately with revenues from sales to the Customer calculated under the applicable Pricing Plan, and the purchase of power from the Customer at the MGC.
 - iii) Net metering method: Applicable only where the Customer has a single solar to electricity or wind to electricity conversion system of AC electrical peak capability of 10 kW or less and meets all

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Pricing Plan PRS-101
Non-Firm Power Purchase from Renewable Energy
Resources and Qualifying Cogeneration Facilities of 100
kW or Less Capacity

qualifications. The kWh sold to the Company shall be subtracted from the kWh purchased from the Company. If the kWh calculation is net positive, the Company will sell the net kWh to the Customer under the applicable Pricing Plan. If the kWh calculation is net negative, Company will carry the kWh forward and credit the net kWh of the next billing cycle. All negative kWh credits will be zeroed out annually after the January billing cycle.

Separate Qualifications for Net Metering

- (a) Service under this method shall be limited to 500 kWp (p=peak) aggregate Customer per calendar year.
 - (b) Installed solar to electricity or wind to electricity conversion system shall meet IEEE-929 standard, local, and National Electrical Code requirements.
 - (c) Installation shall be complete six months from pre-installation approval; thereafter, Customer must re-apply.
 - (d) Time of use net metering is not available.
- 4) The applicable Pricing Plan shall apply for all energy billed which is supplied by the Company to the Customer.
- 5) The Company may require a written contract and a minimum term of contract.
- 6) This Pricing Plan is not applicable for Customers with certified renewable generating capacity of over 100 kW. However, for such capacity the Company shall enter into individual agreements.
- 7) The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this Pricing Plan.

RELATED SCHEDULES

- Schedule MGC-1-- Market Generation Credit (MGC) Calculation
- Tucson Electric Power Company -- Rules and Regulations

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Pricing Plan PRS-102 - CLOSED
Firm Power Purchase from Renewable Energy Resources
and Qualifying Cogeneration Facilities of 100 kW or Less
Capacity

AVAILABILITY

Available throughout Company's entire electric service area to any Customer with certified capacity of 100 kW or less generating through the use of renewable energy resources or qualifying cogeneration facilities providing firm power.

PRICE

For all energy billed which is supplied by the Customer to the Company, the price shall be the Company's Market Generation Credit (MGC) as specified in Schedule MGC-1, plus ten percent (10%).

CONDITIONS OF PURCHASE

- 1) The Customer shall be responsible for all interconnection costs unless otherwise indicated by the Company. In addition, Customer shall conform to all applicable interconnection requirements as mandated either by government or by the Company.
- 2) The Customer shall operate its electric generating equipment in accordance with Company rules, regulations, and service requirements.
- 3) The Customer shall, at its option, operate in one of the following two system configurations:
 - a) Parallel Mode – The Customer's self-generation facilities first supply its own electric requirements with any excess power being sold to the Company at the MGC. The Company shall sell power to the Customer as required by the Customer under the Company's applicable Pricing Plan.
 - b) Simultaneous Buy/Sell Mode – The Customer's total generation output is sold directly to the Company and the Customer's total electric requirements are met by sales from the Company. Billing for purchases and sales shall be calculated, at the Customer's option, in either of three methods:
 - i) Net bill method: The kWh sold to the Company shall be subtracted from the kWh purchased from Company. If the kWh calculation is net positive, the Company will sell the net kWh to the Customer under the applicable Pricing Plan. If the kWh calculation is net negative, the Company will purchase the net kWh from the Customer at the MGC. Time of use bi-directional metering is not available.
 - ii) Separate bill method: All purchases and sales shall be treated separately with revenues from sales to the Customer calculated under the applicable Pricing Plan, and the purchase of power from the Customer at the MGC.
 - iii) Net metering method: Applicable only where the Customer has a single solar to electricity or wind to electricity conversion system of AC electrical peak capability of 10 kW or less and meets all

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Pricing Plan PRS-102 - CLOSED
Firm Power Purchase from Renewable Energy Resources
and Qualifying Cogeneration Facilities of 100 kW or Less
Capacity

qualifications. The kWh sold to the Company shall be subtracted from the kWh purchased from the Company. If the kWh calculation is net positive, the Company will sell the net kWh to the Customer under the applicable Pricing Plan. If the kWh calculation is net negative, Company will carry the kWh forward and credit the net kWh of the next billing cycle. All negative kWh credits will be zeroed out annually after the January billing cycle.

Separate Qualifications for Net Metering

- (a) Service under this method shall be limited to 500 kWp (p=peak) aggregate Customer per calendar year.
 - (b) Installed solar to electricity or wind to electricity conversion system shall meet IEEE-929 standard, local, and National Electrical Code requirements.
 - (c) Installation shall be complete six months from pre-installation approval; thereafter, Customer must re-apply.
 - (d) Time of use net metering is not available.
- 4) The applicable Pricing Plan shall apply for all energy billed which is supplied by the Company to the Customer.
- 5) The Company may require a written contract and a minimum term of contract.
- 6) This Pricing Plan is not applicable for Customers with certified renewable generating capacity of over 100 kW. However, for such capacity the Company shall enter into individual agreements.
- 7) The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this Pricing Plan.

RELATED SCHEDULES

- Schedule MGC-1- Market Generation Credit (MGC) Calculation
- Tucson Electric Power Company - Rules and Regulations

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Tariff No.: PRS-102 - CLOSED
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Pricing Plan PRS-103 - CLOSED
Supplementary, Backup, Maintenance and Interruptible
Service for Cogeneration and Small Power Production
Qualifying Facilities (QF) under 100 kW

AVAILABILITY

Available throughout Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises, provided that any QF taking Interruptible Service agrees that Company's service may be interrupted by Company at any time and for such periods as Company, in its sole discretion, considers the supply of such service detrimental to its operations.

APPLICABILITY

To any QF when all energy is supplied at one point of delivery and through one metered service.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

RATE

The billing shall be in accordance with the General Service Time-of-Use Rate No. 76, if and when this rate is approved by the Arizona Corporation Commission, except that the billing for Interruptible Service shall be in accordance with Rate No. 76 reduced by 1.0¢ per kilowatt-hour. If General Service Time-of-Use Rate No. 76 is not available, the billing shall be in accordance with the General Service Rate No. 10 except that the billing for Interruptible Service shall be in accordance with Rate No. 10 reduced by 1.0¢ per kilowatt-hour.

RULES AND REGULATIONS

- (1) The QF shall reimburse Company upon receipt of statement from Company for all interconnection costs in excess of the normal interconnection costs of a retail customer similarly served and situated.
- (2) The QF shall operate its electric generating equipment in accordance with Company rules, regulations, and service requirements.
- (3) The Company may require a written contract and a minimum term of contract.
- (4) The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this rate schedule.

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Effective: PENDING
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Pricing Plan PRS-104 - CLOSED
Optional Supplementary Service for Cogeneration and
Small Power Production
Qualifying Facilities (QF) over 100 kW

AVAILABILITY

Available throughout Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To any QF when all energy and capacity requirements in addition to that normally provided by the facility are supplied by Company at one point of delivery and through one metered service.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

RATE

If and when General Service Time-of-Use Rate No. 76 is approved by the Arizona Corporation Commission, the billing shall be in accordance with General Service Time-of-Use Rate No. 76, or Large General Service Time-of-Use Rate No. 85, or Large Light and Power Time-of-Use Rate No. 90. If General Service Time-of-Use Rate No. 76 is not available, the billing shall be in accordance with General Service Rate No. 10, or Large General Service Time-of-Use Rate No. 85, or Large Light and Power Time-of-Use Rate No. 90.

TERMS AND CONDITIONS

- (1) The QF shall reimburse Company upon receipt of statement from Company for all interconnection costs in excess of the normal interconnection costs of a retail customer similarly served and situated.
- (2) The QF shall operate its electric generating equipment in accordance with Company rules, regulations, and service requirements.
- (3) The Company may require a written contract and a minimum term of contract.
- (4) The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this rate schedule.
- (5) If a QF is served under this schedule and has also contracted for Optional QF Backup Service or Optional QF Maintenance Service, a second meter will be installed.

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Pricing Plan PRS-105 - CLOSED
Optional Maintenance Service for Cogeneration and
Small Power Production
Qualifying Facilities (QF) over 100 kW

AVAILABILITY

Available throughout Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To any QF when all energy and capacity are supplied by Company at one point of delivery and through one metered service to replace generation from a facility when such facility is out of service for scheduled maintenance.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

RATE

- Service Charge: \$18.20 per month.
Energy Charge: All kWh @ 5.228¢ per kWh.
- Not applicable if billed under the Optional Backup QF Service schedule.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

TERMS AND CONDITIONS

- (1) The QF shall reimburse Company upon receipt of statement from Company for all interconnection costs in excess of the normal interconnection costs of a retail customer similarly served and situated.
- (2) The QF shall operate its electric generating equipment in accordance with Company rules, regulations, and service requirements.
- (3) The Company may require a written contract and a minimum term of contract.
- (4) The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this rate schedule.
- (5) The requirement for service shall not exceed the nameplate capacity of the QF.
- (6) The frequency and duration of service may be limited so that the rates remain compensatory by ensuring that usage retains the characteristics of partial requirement service.

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Pricing Plan PRS-105 - CLOSED
Optional Maintenance Service for Cogeneration and
Small Power Production
Qualifying Facilities (QF) over 100 kW

- (7) The performance of scheduled maintenance during certain peak hours or months shall be subject to prohibitions to avoid impairing the Company's ability to serve its full requirements customers.

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Pricing Plan PRS-106 - CLOSED
Optional Backup Service for Cogeneration and
Small Power Production
Qualifying Facilities (QF) over 100 kW

AVAILABILITY

Available throughout Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To any QF when all energy or capacity is supplied by Company at one point of delivery and through one metered service to replace energy ordinarily generated by a facility's own generation equipment during an unscheduled outage of the facility.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

RATE

• Service Charge: \$18.20 per month.
Reservation Charge:

All contracted kW per month @ \$ C per kW, where C is derived as follows:

$$\$22.00 \times \frac{A}{B} = C$$

A is the number of hours the facility's generation is inoperative in a contract year due to unscheduled maintenance. B is the number of hours in a contract year less the number of hours the facility's generation is inoperative in a contract year due to scheduled maintenance.

For billing purposes, during the first contract year the assumed value of A/B shall be 10% with a true-up based on actual data at the end of the first contract year. For the second and subsequent contract years, the value used for billing purposes shall be based on the actual value of A/B during the previous contract year.

• Not applicable if billed under the Optional Maintenance QF Service schedule.

Energy Charge: All kWh @ 2.214¢ per kWh.

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Pricing Plan PRS-106 - CLOSED
Optional Backup Service for Cogeneration and
Small Power Production
Qualifying Facilities (QF) over 100 kW

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

TERMS AND CONDITIONS

- (1) The QF shall reimburse Company upon receipt of statement from Company for all interconnection costs.
- (2) The QF shall operate its electric generating equipment in accordance with Company rules, regulations, and service requirements.
- (3) The Company may require a written contract and a minimum term of contract.
- (4) The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this rate schedule.
- (5) The requirement for service shall not exceed the nameplate capacity of the QF.
- (6) The frequency and duration of service may be limited so that the rates remain compensatory by ensuring that usage retains the characteristics of partial requirements service.
- (7) A detented meter will be used for service supplied under this schedule.
- (8) A contribution in aid of construction will be required for any investment in metering equipment in excess of \$1,800.

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Pricing Plan PRS-101
Non-Firm Power Purchase from Renewable Energy
Resources and Qualifying Cogeneration Facilities of 100
kW or Less Capacity

AVAILABILITY

Available throughout Company's entire electric service area to any Customer with certified capacity of 100 kW or less generating through the use of renewable energy resources or qualifying cogeneration facilities providing non-firm power.

PRICE

For all energy billed which is supplied by the Customer to the Company, the price shall be the Company's Market Generation Credit (MGC) as specified in Schedule MGC-1.

CONDITIONS OF PURCHASE

- 1) The Customer shall be responsible for all interconnection costs unless otherwise indicated by the Company. In addition, Customer shall conform to all applicable interconnection requirements as mandated either by government or by the Company.
- 2) The Customer shall operate its electric generating equipment in accordance with Company rules, regulations, and service requirements.
- 3) The Customer shall, at its option, operate in one of the following two system configurations:
 - a) Parallel Mode – The Customer's self-generation facilities first supply its own electric requirements with any excess power being sold to the Company at the MGC. The Company shall sell power to the Customer as required by the Customer under the Company's applicable Pricing Plan.
 - b) Simultaneous Buy/Sell Mode – The Customer's total generation output is sold directly to the Company and the Customer's total electric requirements are met by sales from the Company. Billing for purchases and sales shall be calculated, at the Customer's option, in either of three methods:
 - i) Net bill method: The kWh sold to the Company shall be subtracted from the kWh purchased from Company. If the kWh calculation is net positive, the Company will sell the net kWh to the Customer under the applicable Pricing Plan. If the kWh calculation is net negative, the Company will purchase the net kWh from the Customer at the MGC. Time of use bi-directional metering is not available.
 - ii) Separate bill method: All purchases and sales shall be treated separately with revenues from sales to the Customer calculated under the applicable Pricing Plan, and the purchase of power from the Customer at the MGC.
 - iii) Net metering method: Applicable only where the Customer has a single solar to electricity or wind to electricity conversion system of AC electrical peak capability of 10 kW or less and meets all

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Pricing Plan PRS-101
Non-Firm Power Purchase from Renewable Energy
Resources and Qualifying Cogeneration Facilities of 100
kW or Less Capacity

qualifications. The kWh sold to the Company shall be subtracted from the kWh purchased from the Company. If the kWh calculation is net positive, the Company will sell the net kWh to the Customer under the applicable Pricing Plan. If the kWh calculation is net negative, Company will carry the kWh forward and credit the net kWh of the next billing cycle. All negative kWh credits will be zeroed out annually after the January billing cycle.

Separate Qualifications for Net Metering

- (a) Service under this method shall be limited to 500 kWp (p=peak) aggregate Customer per calendar year.
 - (b) Installed solar to electricity or wind to electricity conversion system shall meet IEEE-929 standard, local, and National Electrical Code requirements.
 - (c) Installation shall be complete six months from pre-installation approval; thereafter, Customer must re-apply.
 - (d) Time of use net metering is not available.
- 4) The applicable Pricing Plan shall apply for all energy billed which is supplied by the Company to the Customer.
- 5) The Company may require a written contract and a minimum term of contract.
- 6) This Pricing Plan is not applicable for Customers with certified renewable generating capacity of over 100 kW. However, for such capacity the Company shall enter into individual agreements.
- 7) The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this Pricing Plan.

RELATED SCHEDULES

- Schedule MGC-1– Market Generation Credit (MGC) Calculation
- Tucson Electric Power Company – Rules and Regulations

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Pricing Plan PRS-102 - CLOSED
Firm Power Purchase from Renewable Energy Resources
and Qualifying Cogeneration Facilities of 100 kW or Less
Capacity

AVAILABILITY

Available throughout Company's entire electric service area to any Customer with certified capacity of 100 kW or less generating through the use of renewable energy resources or qualifying cogeneration facilities providing firm power.

PRICE

For all energy billed which is supplied by the Customer to the Company, the price shall be the Company's Market Generation Credit (MGC) as specified in Schedule MGC-1, plus ten percent (10%).

CONDITIONS OF PURCHASE

- 1) The Customer shall be responsible for all interconnection costs unless otherwise indicated by the Company. In addition, Customer shall conform to all applicable interconnection requirements as mandated either by government or by the Company.
- 2) The Customer shall operate its electric generating equipment in accordance with Company rules, regulations, and service requirements.
- 3) The Customer shall, at its option, operate in one of the following two system configurations:
 - a) Parallel Mode – The Customer's self-generation facilities first supply its own electric requirements with any excess power being sold to the Company at the MGC. The Company shall sell power to the Customer as required by the Customer under the Company's applicable Pricing Plan.
 - b) Simultaneous Buy/Sell Mode – The Customer's total generation output is sold directly to the Company and the Customer's total electric requirements are met by sales from the Company. Billing for purchases and sales shall be calculated, at the Customer's option, in either of three methods:
 - i) Net bill method: The kWh sold to the Company shall be subtracted from the kWh purchased from Company. If the kWh calculation is net positive, the Company will sell the net kWh to the Customer under the applicable Pricing Plan. If the kWh calculation is net negative, the Company will purchase the net kWh from the Customer at the MGC. Time of use bi-directional metering is not available.
 - ii) Separate bill method: All purchases and sales shall be treated separately with revenues from sales to the Customer calculated under the applicable Pricing Plan, and the purchase of power from the Customer at the MGC.
 - iii) Net metering method: Applicable only where the Customer has a single solar to electricity or wind to electricity conversion system of AC electrical peak capability of 10 kW or less and meets all

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Pricing Plan PRS-102 - CLOSED
Firm Power Purchase from Renewable Energy Resources
and Qualifying Cogeneration Facilities of 100 kW or Less
Capacity

qualifications. The kWh sold to the Company shall be subtracted from the kWh purchased from the Company. If the kWh calculation is net positive, the Company will sell the net kWh to the Customer under the applicable Pricing Plan. If the kWh calculation is net negative, Company will carry the kWh forward and credit the net kWh of the next billing cycle. All negative kWh credits will be zeroed out annually after the January billing cycle.

Separate Qualifications for Net Metering

- (a) Service under this method shall be limited to 500 kWp (p=peak) aggregate Customer per calendar year.
 - (b) Installed solar to electricity or wind to electricity conversion system shall meet IEEE-929 standard, local, and National Electrical Code requirements.
 - (c) Installation shall be complete six months from pre-installation approval; thereafter, Customer must re-apply.
 - (d) Time of use net metering is not available.
- 4) The applicable Pricing Plan shall apply for all energy billed which is supplied by the Company to the Customer.
- 5) The Company may require a written contract and a minimum term of contract.
- 6) This Pricing Plan is not applicable for Customers with certified renewable generating capacity of over 100 kW. However, for such capacity the Company shall enter into individual agreements.
- 7) The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this Pricing Plan.

RELATED SCHEDULES

- Schedule MGC-1- Market Generation Credit (MGC) Calculation
- Tucson Electric Power Company - Rules and Regulations

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Pricing Plan PRS-103 - CLOSED
Supplementary, Backup, Maintenance and Interruptible
Service for Cogeneration and Small Power Production
Qualifying Facilities (QF) under 100 kW

AVAILABILITY

Available throughout Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises, provided that any QF taking Interruptible Service agrees that Company's service may be interrupted by Company at any time and for such periods as Company, in its sole discretion, considers the supply of such service detrimental to its operations.

APPLICABILITY

To any QF when all energy is supplied at one point of delivery and through one metered service.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

RATE

The billing shall be in accordance with the General Service Time-of-Use Rate No. 76, if and when this rate is approved by the Arizona Corporation Commission, except that the billing for Interruptible Service shall be in accordance with Rate No. 76 reduced by 1.0¢ per kilowatt-hour. If General Service Time-of-Use Rate No. 76 is not available, the billing shall be in accordance with the General Service Rate No. 10 except that the billing for Interruptible Service shall be in accordance with Rate No. 10 reduced by 1.0¢ per kilowatt-hour.

RULES AND REGULATIONS

- (1) The QF shall reimburse Company upon receipt of statement from Company for all interconnection costs in excess of the normal interconnection costs of a retail customer similarly served and situated.
- (2) The QF shall operate its electric generating equipment in accordance with Company rules, regulations, and service requirements.
- (3) The Company may require a written contract and a minimum term of contract.
- (4) The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this rate schedule.

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Pricing Plan PRS-104 - CLOSED
Optional Supplementary Service for Cogeneration and
Small Power Production
Qualifying Facilities (QF) over 100 kW

AVAILABILITY

Available throughout Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To any QF when all energy and capacity requirements in addition to that normally provided by the facility are supplied by Company at one point of delivery and through one metered service.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

RATE

If and when General Service Time-of-Use Rate No. 76 is approved by the Arizona Corporation Commission, the billing shall be in accordance with General Service Time-of-Use Rate No. 76, or Large General Service Time-of-Use Rate No. 85, or Large Light and Power Time-of-Use Rate No. 90. If General Service Time-of-Use Rate No. 76 is not available, the billing shall be in accordance with General Service Rate No. 10, or Large General Service Time-of-Use Rate No. 85, or Large Light and Power Time-of-Use Rate No. 90.

TERMS AND CONDITIONS

- (1) The QF shall reimburse Company upon receipt of statement from Company for all interconnection costs in excess of the normal interconnection costs of a retail customer similarly served and situated.
- (2) The QF shall operate its electric generating equipment in accordance with Company rules, regulations, and service requirements.
- (3) The Company may require a written contract and a minimum term of contract.
- (4) The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this rate schedule.
- (5) If a QF is served under this schedule and has also contracted for Optional QF Backup Service or Optional QF Maintenance Service, a second meter will be installed.

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Pricing Plan PRS-105 - CLOSED
Optional Maintenance Service for Cogeneration and
Small Power Production
Qualifying Facilities (QF) over 100 kW

AVAILABILITY

Available throughout Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To any QF when all energy and capacity are supplied by Company at one point of delivery and through one metered service to replace generation from a facility when such facility is out of service for scheduled maintenance.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

RATE

- Service Charge: \$18.20 per month.
Energy Charge: All kWh @ 5.228¢ per kWh.
- Not applicable if billed under the Optional Backup QF Service schedule.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

TERMS AND CONDITIONS

- (1) The QF shall reimburse Company upon receipt of statement from Company for all interconnection costs in excess of the normal interconnection costs of a retail customer similarly served and situated.
- (2) The QF shall operate its electric generating equipment in accordance with Company rules, regulations, and service requirements.
- (3) The Company may require a written contract and a minimum term of contract.
- (4) The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this rate schedule.
- (5) The requirement for service shall not exceed the nameplate capacity of the QF.
- (6) The frequency and duration of service may be limited so that the rates remain compensatory by ensuring that usage retains the characteristics of partial requirement service.

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Pricing Plan PRS-105 - CLOSED
Optional Maintenance Service for Cogeneration and
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Qualifying Facilities (QF) over 100 kW

- (7) The performance of scheduled maintenance during certain peak hours or months shall be subject to prohibitions to avoid impairing the Company's ability to serve its full requirements customers.

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Pricing Plan PRS-106 - CLOSED
Optional Backup Service for Cogeneration and
Small Power Production
Qualifying Facilities (QF) over 100 kW

AVAILABILITY

Available throughout Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To any QF when all energy or capacity is supplied by Company at one point of delivery and through one metered service to replace energy ordinarily generated by a facility's own generation equipment during an unscheduled outage of the facility.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

RATE

Service Charge: \$18.20 per month.
Reservation Charge:

All contracted kW per month @ \$ C per kW, where C is derived as follows:

$$\$22.00 \times \frac{A}{B} = C$$

A is the number of hours the facility's generation is inoperative in a contract year due to unscheduled maintenance. B is the number of hours in a contract year less the number of hours the facility's generation is inoperative in a contract year due to scheduled maintenance.

For billing purposes, during the first contract year the assumed value of A/B shall be 10% with a true-up based on actual data at the end of the first contract year. For the second and subsequent contract years, the value used for billing purposes shall be based on the actual value of A/B during the previous contract year.

Not applicable if billed under the Optional Maintenance QF Service schedule.

Energy Charge: All kWh @ 2.214¢ per kWh.

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Pricing Plan PRS-106 - CLOSED
Optional Backup Service for Cogeneration and
Small Power Production
Qualifying Facilities (QF) over 100 kW

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

TERMS AND CONDITIONS

- (1) The QF shall reimburse Company upon receipt of statement from Company for all interconnection costs.
- (2) The QF shall operate its electric generating equipment in accordance with Company rules, regulations, and service requirements.
- (3) The Company may require a written contract and a minimum term of contract.
- (4) The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this rate schedule.
- (5) The requirement for service shall not exceed the nameplate capacity of the QF.
- (6) The frequency and duration of service may be limited so that the rates remain compensatory by ensuring that usage retains the characteristics of partial requirements service.
- (7) A detented meter will be used for service supplied under this schedule.
- (8) A contribution in aid of construction will be required for any investment in metering equipment in excess of \$1,800.

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Pricing Plan PRS-107 - CLOSED
Optional Backup Energy Service for
Self-Generation Facilities over 3 MW

AVAILABILITY

Available throughout Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To any self-generation facility when all energy or capacity is supplied by Company at one point of delivery and through one metered service to replace energy ordinarily generated by a facility's own self-generation equipment during an unscheduled outage of the facility.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

RATES

***Service Charge:** To be charged to the customer depending on metering facilities required, per contract with TEP. (*Not applicable if billed under the Optional Maintenance Self-generation Service schedule.)

Reservation Charge:

1. For customers who take service at voltage levels greater than 46 kV, the monthly reservation charge shall be in accordance with sections a., b., c., and d. below:
 - a. For customers with alternate supply resources demonstrating a capacity factor of 95 percent or greater during the billing month, \$1.52 per kW of contract standby capacity.
 - b. For customers with alternate supply resources demonstrating a capacity factor of between 90 percent and 94.9 percent during the billing month, \$2.43 per kW of contract standby capacity.
 - c. For customers with alternate supply resources demonstrating a capacity factor of between 80 percent and 89.9 percent during the billing month, \$4.32 per kW of contract standby capacity.
 - d. For customers with alternate supply resources demonstrating a capacity factor lower than 80 percent, \$19.92 per kW of contract standby capacity.

The cost per kW in sections a, b, c, and d above reflect the likelihood that the Company will have to supply the customer's power needs due to a forced outage of the customer's self-generation facility during the billing month, and the Company's cost to supply such power. The customer's charge for reservation capacity during the billing month is the product of the customer's contract standby capacity and the applicable charge per kW. The cost per kW in sections a, b, c, and d above include firm transmission capacity reserved by the Company for the customer and charged consistent with the Company's FERC-approved Open Access Transmission Tariff.

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Pricing Plan PRS-107 - CLOSED
Optional Backup Energy Service for
Self-Generation Facilities over 3 MW

2. For customers who take service at voltage levels of 46 kV or less, the monthly reservation charge shall be in accordance with sections a, b, c, and d below:
 - a. For customers with alternate supply resources demonstrating a capacity factor of 95 percent or greater during the billing month, \$4.43 per kW of contract standby capacity.
 - b. For customers with alternate supply resources demonstrating a capacity factor of between 90 percent and 94.9 percent during the billing month, \$5.41 per kW of contract standby capacity.
 - c. For customers with alternate supply resources demonstrating a capacity factor of between 80 percent and 89.9 percent during the billing month, \$7.12 per kW of contract standby capacity.
 - d. For customers with alternate supply resources demonstrating a capacity factor lower than 80 percent, \$22.38 per kW of contract standby capacity.

The cost per kW in sections a, b, c, and d above reflect the likelihood that the Company will have to supply the customer's power needs due to a forced outage of the customer's self-generation facility during the billing month, and the Company's cost to supply such power. The customer's charge for reservation capacity during the billing month is the product of the customer's contract standby capacity and the applicable charge per kW. The cost per kW in sections a, b, c, and d above include firm transmission capacity reserved by the Company for the customer and charged consistent with the Company's FERC-approved Open Access Transmission Tariff, and all non-direct-assigned distribution charges.

Direct-assigned Transmission and Distribution Charge: Any transmission- and distribution-related facilities directly assigned to the customer shall be billed in accordance with the Company's Rules and Regulations.

Standby Energy Charge: All kWh @ 2.214¢ per kWh.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

TERMS AND CONDITIONS

1. The self-generation customer shall reimburse Company upon receipt of statement from Company for all interconnection costs.
2. The customer shall operate its electric generating equipment in accordance with Company rules, regulations, and service requirements.
3. The Company may require a written contract and a minimum term of contract.

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Pricing Plan PRS-107 - CLOSED
Optional Backup Energy Service for
Self-Generation Facilities over 3 MW

4. The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this rate schedule.
5. The requirement for service shall not exceed the nameplate capacity of the customer's self-generation facilities.
6. The frequency and duration of service may be limited so that the rates remain compensatory by ensuring that usage retains the characteristics of partial requirements service.
7. A detented meter will be used for service supplied under this schedule.
8. A contribution in aid of construction will be required for any investment in metering equipment in excess of \$1,800.
9. Rates are inclusive of any stranded cost charges associated with this service.
10. Capacity Factor.

For purposes of this rate schedule, the calculation of the capacity factor will be based on an 18-month rolling average as shown in the formula below. The calculation of capacity factor shall not reflect any period of time during a billing month that Company-authorized Maintenance Service was being utilized.

Capacity Factor is equal to the average over the past 18 months of:

$$\frac{(\text{Contract standby capacity} \times \text{hours in month}) - (\text{Standby energy purchased in month})}{\text{Contract standby capacity} \times \text{hours in month}}$$

If customer has less than 18 months of billing history under Backup Service, the capacity factor will be calculated using the months that Backup Service has been taken to date.

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Pricing Plan PRS-108 - CLOSED
Optional Maintenance Energy Service for
Self-Generation Facilities over 3 MW

AVAILABILITY

Available throughout Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To any self-generator when all energy and capacity are supplied by Company at one point of delivery and through one metered service to replace generation from a facility when such facility is out of service for scheduled maintenance.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, and at one standard nominal voltage as mutually agreed and subject to availability at point of delivery. Primary metering may be used by mutual agreement.

RATE

Service Charge: To be charged to the customer depending on metering facilities required, per contract with TEP.

Energy Charge:

- All kWh @ 5.228¢ per kWh**.
- All kWh @ 3.70 cents per kWh if this service is taken in conjunction with Optional Self-generation Backup Service.

** Not applicable if billed under the Optional Self-generation Backup Service schedule.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

TERMS AND CONDITIONS

1. The customer shall reimburse Company upon receipt of statement from Company for all interconnection costs in excess of the normal interconnection costs of a retail customer similarly served and situated.
2. The customer shall operate its electric generating equipment in accordance with Company rules, regulations, and service requirements.
3. The Company may require a written contract and a minimum term of contract.
4. The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this rate schedule.
5. The requirement for service shall not exceed the nameplate capacity of the QF.

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Pricing Plan PRS-108 - CLOSED
Optional Maintenance Energy Service for
Self-Generation Facilities over 3 MW

6. The frequency and duration of service may be limited so that the rates remain compensatory by ensuring that usage retains the characteristics of partial requirements service.
7. The performance of scheduled maintenance during certain peak hours or months shall be subject to prohibitions to avoid impairing the Company's ability to serve its full requirements customers.
8. Maintenance schedules shall be submitted to the Company for a 12-month period at least 60 days prior to the beginning of such period.
9. A detented meter will be used for service supplied under this schedule.
10. A contribution in aid of construction will be required for any investment in metering equipment in excess of \$1,800.
11. Rates are inclusive of any stranded cost charges associated with this service.

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Schedule MGC-1

Tucson Electric Power Company

Market Generation Credit (MGC) Calculation

A UniSource Energy Company

Introduction

There are two purposes of the Market Generation Credit (MGC). The first purpose is to establish a price to which TEP's energy customers can compare to the prices of competitors. The second purpose is to enable the calculation of the variable or "floating" component of TEP's stranded cost recovery. Shown below are the terms of the MGC methodology per TEP's Settlement Agreement, Section 2.1(d), as amended March 20, 2003:

The monthly MGC amount shall be calculated in advance and stated as both an on-peak value and an off-peak value. The monthly on-peak MGC component shall be equal to the Market Price multiplied by one plus the appropriate line loss (including unaccounted for energy ("UFE")) amount. The Market Price shall be equal to the Tullett Liberty Long-Term Forward Assessment for the Palo Verde Forward price, except when adjusted for the variable cost of TEP's must-run generation. The Market Price shall be determined thirty (30) days prior to each calendar month using the average of the most recent three (3) business days of Tullett Liberty Long-Term Forward Assessment for Palo Verde settlement prices. The off-peak MGC component shall be determined in the same manner as the on-peak component, except that the Tullett Liberty Long-Term Forward Assessment for the Palo Verde Forward price will be adjusted by the ratio of off-peak to on-peak prices from the Dow Jones Palo Verde Index of the same month from the preceding year. The MGC shall be equal to the hours-weighted average of the on-peak and off-peak pricing components and shall reflect the cost of serving a one hundred percent (100%) load factor customer.

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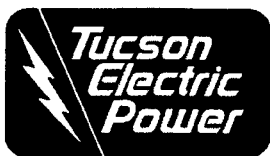
To reflect the cost of serving a 100% load factor customer, the actual MGC used for billing calculations will be a loss adjusted average price that is weighted by the ratio of on-peak and off-peak hours. This process is illustrated in equations 4 and 5 below and will be posted to TEP's website <http://partners.tucsonelectric.com> thirty (30) days prior to each calendar month. This composite price will be credited to all energy consumption, regardless of the time period in which it is consumed.

Calculations

Five steps are outlined below for the calculation of the MGC. None of the steps are excludable for any customer type. Acronyms are defined in the Glossary at the end of this document.

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Schedule MGC-1
Tucson Electric Power Company
Market Generation Credit (MGC) Calculation

A UniSource Energy Company

1. Calculating the on-peak MGC

Thirty (30) days prior to each calendar estimation month, the Tullet Prebon Long-Term Forward Assessment for Palo Verde Forward prices for the three (3) most recent business days are used. The simple average (or arithmetic mean) is calculated for these three (3) days for the estimation month.

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$$MGC_{ON,i} = \frac{\sum (TULLETT)_i}{3} \quad (\text{Equation 1})$$

The calculation is illustrated in the table below.

Forward Prices per MWh	Apr-2002
3/1/2002	\$25.50
2/28/2002	\$25.50
2/27/2002	\$24.75
Average	\$25.25

2. Calculating the off-peak MGC

The off-peak MGC is determined by multiplying the on-peak MGC value by the off-peak price weighting factor (WEIGHT). The WEIGHT is equal to the simple average of all off-peak prices from the Dow Jones Palo Verde Index in the same month of the previous year, divided by the simple average of all on-peak prices from the Dow Jones Palo Verde Index in the same month of the previous year. Off-peak, on-peak and holiday hours are defined by NERC in the estimation month.

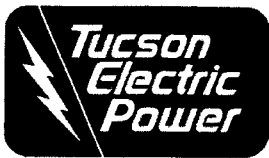
$$MGC_{OFF,i} = MGC_{ON,i} * WEIGHT_i \quad (\text{Equation 2})$$

where

$$WEIGHT_i = \frac{DJPVI_{OFF,j}}{DJPVI_{ON,i}} \quad (\text{Equation 3})$$

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Schedule MGC-1
Tucson Electric Power Company
Market Generation Credit (MGC) Calculation

A UniSource Energy Company

3. Weighting the MGC for hours in the month

The on-peak and off-peak MGCs are combined to form an average MGC by computing a weighted average of the two time periods. This is done by multiplying the on-peak MGC by the percentage of on-peak hours in the same month of the previous year and then adding the product of the off-peak MGC and the percentage of off-peak hours in the same month of the previous year. Off-peak, on-peak and holiday hours are defined by NERC in the estimation month.

$$MGC_{WEIGHT,i} = MGC_{ON,i} * \left(\frac{ONHOURS}{ONHOURS + OFFHOURS} \right) + MGC_{OFF,i} * \left(\frac{OFFHOURS}{ONHOURS + OFFHOURS} \right)$$

(Equation 4)

4. Loss-adjusting the MGC

The average MGC must be adjusted for line losses. The appropriate line loss adjustment factor (LLAF) for a large industrial customer is 1.0515. For all other customers, the appropriate factor is 1.0919.

$$MGC_{LOSS,i} = MGC_{WEIGHT,i} * LLAF$$

(Equation 5)

5. Adjusting the MGC for variable must-run

The MGC will be adjusted for variable must-run as defined in TEP's Stranded Cost Settlement Agreement and AISA protocols. Fifteen (15) days prior to each month, TEP forecasts a ratio of its variable must-run generation to retail system demand for the following month. The MGC is determined by adding the product of MGC_{LOSS} and one minus the ratio of variable must-run generation to total retail system demand to the product of \$15/MWh and the variable must-run ratio.

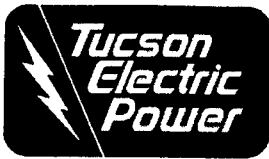
$$MGC_i = [MGC_{LOSS,i} * (1 - VMR_i)] + (\$15 * VMR_i)$$

(Equation 6)

This calculation produces the final value for the Market Generation Credit.

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Schedule MGC-1
Tucson Electric Power Company
Market Generation Credit (MGC) Calculation

A UniSource Energy Company

GLOSSARY

DJPVI_{OFF}	Simple average of off-peak prices on the Dow Jones Palo Verde Index.
DJPVI_{ON}	Simple average of on-peak prices on the Dow Jones Palo Verde Index.
Dow Jones Palo Verde Index	Daily calculation of actual firm on-peak and firm off-peak weighted average prices for electricity traded at Palo Verde, Arizona switchyard.
AISA	Arizona Independent Scheduling Administrator, a temporary entity, independent of transmission-owning organizations, intended to facilitate nondiscriminatory retail direct access using the transmission system in Arizona. Required by the Arizona Corporation Commission Retail Electric Competition Rules.
LLAF	Line-loss adjustment factor.
MGC	Market Generation Credit.
MGC_{OFF}	MGC _{ON} weighted by the ratio of off-peak to on-peak prices on the Dow Jones Palo Verde Index.
MGC_{ON}	Average of the <u>Tullett Liberty</u> prices on days appropriate for the calculation of the MGC.
MGC_{LOSS}	MGC _{WEIGHT} adjusted for line losses (including unaccounted for energy) on TEP's generation and energy delivery systems.
MGC_{WEIGHT}	A weighted average of MGC _{ON} and MGC _{OFF} by ONHOURS and OFFHOURS.
Must-run Generation	The cost associated with the running of local generating units needed to maintain distribution system reliability and to meet load requirements in times of congestion on certain portions of the interconnected grid.
NERC	North American Electric Reliability Council. A voluntary not-for-profit organization established to promote bulk electric system reliability and security. Membership includes: investor-owned utilities; federal power agencies; rural electric cooperatives; state, municipal and provincial utilities; independent power producers; power marketers; and end-use customers.

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Schedule MGC-1
Tucson Electric Power Company
Market Generation Credit (MGC) Calculation

A UniSource Energy Company

OFFHOURS	Number of total monthly off-peak hours as defined by NERC. Off-peak hours are hour ending 0100 – hour ending 0600 and hour ending 2300 – hour ending 2400, Monday through Saturday, Pacific Prevailing Time (PPT). All Sunday hours are considered off-peak. PPT is defined as the current clock time in the Pacific time zone.
ONHOURS	Number of total monthly on-peak hours as defined by NERC. On-peak hours are hour ending 0700 – hour ending 2200 Monday through Saturday, Pacific Prevailing Time (PPT). PPT is defined as the current clock time in the Pacific time zone.
<u>TULLETT</u>	<u>Tullett Liberty - a provider of independent real-time price information from the wholesale inter-dealer brokered commodity markets, from which the on-peak Long Term Forward Assessment of market prices of electricity at the Palo Verde, Arizona switchyard are obtained. The forward product is "6 x 16," power is for 16 hours a day for six days a week (Monday through Saturday) for the delivery period, excluding NERC holidays.</u>
Stranded Costs	The difference between revenues under competition and the costs of providing service, including the inherited fixed costs from the previous regulated market.
TEP	Tucson Electric Power Company, a subsidiary of UniSource Energy Corp.
TEP Settlement Agreement	An agreement between TEP, the Arizona Residential Utility Consumer Office, members of the Arizonans for Electric Choice and Competition, and Arizona Community Action Association regarding TEP's implementation of retail electric competition, implementation of unbundled tariffs, and recovery of stranded costs.
VMR	Ratio of variable must-run generation (MW) to total retail system demand (MW) in TEP's service territory.
WEIGHT	Ratio of off-peak to on-peak prices on the Dow Jones Palo Verde Index.

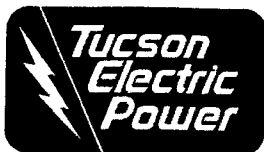
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Schedule MGC-2 Market Generation Credit (MGC) Calculation For Partial Requirements Services

A UniSource Energy Company

Introduction

The purpose of the Market Generation Credit (MGC) for Partial Requirements Services is to establish a price at which TEP's partial requirements customers will purchase backup/standby and supplemental energy under Rates PRS-10, PRS-13, and PRS-14. The Market Generation Credit for Partial Requirements Services is consistent with the MGC methodology per TEP's Settlement Agreement, Section 2.1(d), as amended March 20, 2003.

The monthly MGC amount shall be calculated in advance and stated as both an on-peak value and an off-peak value. The monthly on-peak MGC component shall be equal to the Market Price multiplied by one plus the appropriate line loss (including unaccounted for energy ("UFE")) amount. The Market Price shall be equal to the Tullett Liberty Long-Term Forward Assessment for the Palo Verde Forward price, except when adjusted for the variable cost of TEP's must-run generation. The Market Price shall be determined fifteen (15) days prior to each calendar month using the average of the most recent three (3) business days of Tullett Liberty Long-Term Forward Assessment for Palo Verde settlement prices. The off-peak MGC component shall be determined in the same manner as the on-peak component, except that the Tullett Liberty Long-Term Forward Assessment for the Palo Verde Forward price will be adjusted by the ratio of off-peak to on-peak prices from the Dow Jones Palo Verde Index of the same month from the preceding year.

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Calculations

The Customer will be charged adjusted on-peak MGC multiplied by kWh consumption for On-peak hours, and adjusted off-peak MGC multiplied by kWh consumption for Off-peak hours. Three steps are outlined below for the calculation of the MGC. None of the steps are excludable for any customer type. Acronyms are defined in the Glossary at the end of this document.

1. Calculating the on-peak MGC

Fifteen (15) days prior to each calendar estimation month, the Platts Long-Term Forward Assessment for Palo Verde Forward prices for the three (3) most recent business days are used. The simple average (or arithmetic mean) is calculated for these three (3) days for the estimation month.

$$MGC_{ON,i} = \frac{\sum (TULLETT)_i}{3} \quad (\text{Equation 1})$$

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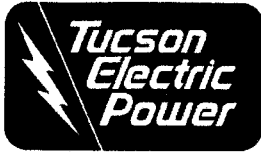
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Schedule MGC-2 Market Generation Credit (MGC) Calculation For Partial Requirements Services

A UniSource Energy Company

The calculation is illustrated in the table below.

Forward Prices per MWh	Apr 2002
3/13/2002	\$25.80
3/14/2002	\$26.90
3/15/2002	\$27.75
Average	\$26.82

2. Calculating the off-peak MGC

The off-peak MGC is determined by multiplying the on-peak MGC value by the off-peak price weighting factor (WEIGHT). The WEIGHT is equal to the simple average of all off-peak prices from the Dow Jones Palo Verde Index in the same month of the previous year, divided by the simple average of all on-peak prices from the Dow Jones Palo Verde Index in the same month of the previous year. Off-peak, on-peak and holiday hours are defined by NERC in the estimation month.

$$MGC_{OFF,i} = MGC_{ON,i} * WEIGHT_i \quad (\text{Equation 2})$$

where

$$WEIGHT_i = \frac{DJPVI_{OFF,i}}{DJPVI_{ON,i}} \quad (\text{Equation 3})$$

3. Loss-adjusting the MGC

The on-peak MGC and the off-peak MGC must be adjusted for line losses. The appropriate line loss adjustment factor (LLAF) for the large industrial customer class is 1.0515; for all other customer classes, the appropriate factor is 1.0919.

$$MGC_{LOSS-ON,i} = MGC_{ON,i} * LLAF \quad (\text{Equation 4})$$

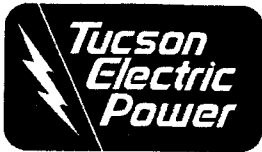
$$MGC_{LOSS-OFF,i} = MGC_{OFF,i} * LLAF \quad (\text{Equation 5})$$

This calculation produces the final value for the on-peak and off-peak Market Generation Credits.

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Schedule MGC-2 Market Generation Credit (MGC) Calculation For Partial Requirements Services

A UniSource Energy Company

GLOSSARY

DJPVI _{OFF}	Simple average of off-peak prices on the Dow Jones Palo Verde Index.
DJPVI _{ON}	Simple average of on-peak prices on the Dow Jones Palo Verde Index.
Dow Jones Palo Verde Index	Daily calculation of actual firm on-peak and firm off-peak weighted average prices for electricity traded at Palo Verde, Arizona switchyard.
LLAF	Line-loss adjustment factor.
MGC	Market Generation Credit.
MGC _{OFF}	MGC _{ON} weighted by the ratio of off-peak to on-peak prices on the Dow Jones Palo Verde Index.
MGC _{ON}	Average of the <u>Tullett Liberty</u> prices on days appropriate for the calculation of the MGC.
MGC _{LOSS-ON}	MGC _{ON} adjusted for line losses (including unaccounted for energy) on TEP's generation and energy delivery systems.
MGC _{LOSS-OFF}	MGC _{OFF} adjusted for line losses (including unaccounted for energy) on TEP's generation and energy delivery systems.
NERC	North American Electric Reliability Council. A voluntary not-for-profit organization established to promote bulk electric system reliability and security. Membership include investor-owned utilities; federal power agencies; rural electric cooperatives; state, municipal and provincial utilities; independent power producers; power marketers; and end-use customers.
Off-Peak Hours	Number of total monthly off-peak hours as defined by NERC. Off-peak hours are hour ending 0100 – hour ending 0600 and hour ending 2300 – hour ending 2400, Monday through Saturday, Pacific Prevailing Time (PPT). All Sunday hours are considered off-peak. PPT is defined as the current clock time in the Pacific time zone.
On-Peak Hours	Number of total monthly on-peak hours as defined by NERC. On-peak hours are hour ending 0700 – hour ending 2200 Monday through Saturday, Pacific Prevailing Time (PPT). PPT is defined as the current clock time in the Pacific time zone.

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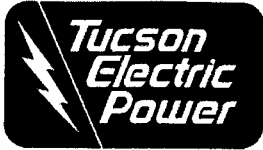
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Effective: PENDING
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A UniSource Energy Company

Schedule MGC-2 Market Generation Credit (MGC) Calculation For Partial Requirements Services

TULLETT

Tullett Liberty - a provider of independent real-time price information from the wholesale inter-dealer brokered commodity markets, from which the on-peak Long Term Forward Assessment of market prices of electricity at the Palo Verde, Arizona switchyard are obtained. The forward product is "6 x 16," power is for 16 hours a day for six days a week (Monday through Saturday) for the delivery period, excluding NERC holidays.

Stranded Costs

The difference between revenues under competition and the costs of providing service, including the inherited fixed costs from the previous regulated market.

TEP

Tucson Electric Power Company, a subsidiary of UniSource Energy Corp.

TEP Settlement Agreement

An agreement between TEP, the Arizona Residential Utility Consumer Office, members of the Arizonans for Electric Choice and Competition, and Arizona Community Action Association regarding TEP's implementation of retail electric competition, implementation of unbundled tariffs, and recovery of stranded costs.

WEIGHT

Ratio of off-peak to on-peak prices on the Dow Jones Palo Verde Index.

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RIDER 17 GreenWatts PRICING PLAN

AVAILABILITY/APPLICABILITY

GreenWatts is a Pricing Plan available to all Customers in all territory served by Tucson Electric Power Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the premises served.

PRICING PLAN

A participating Customer under the *GreenWatts* Pricing Plan will be charged a monthly before-tax premium to the Customer's existing TEP Pricing Plan according to the following schedule:

First twenty-kWh block of energy @ \$2.00
Each additional twenty-kWh block of energy @ \$1.50

The number of twenty-kWh blocks purchased is at the discretion of the *GreenWatts* Customer and is subject to the conditions of service described below.

CONDITIONS OF SERVICE

- Revenues from *GreenWatts* will be devoted to the cost of building, operating, and maintaining new solar power sources in the State of Arizona.
- The total kWh under subscription cannot exceed the Customer's minimum monthly consumption during the prior twelve months. For a Customer with an insufficient billing history, subscription is limited to a total of four twenty-kWh blocks per month.
- The *GreenWatts* Customer is responsible for the premium payment for the subscribed number of blocks, regardless of the level of consumption in any given billing period.
- Customer must contact TEP to cancel or change subscriptions to *GreenWatts*. Any change or cancellation of subscription shall take effect in the succeeding billing period.
- All provisions of the Customer's current applicable rate schedule will apply during service under *GreenWatts*.
- Energy provided under *GreenWatts* will be generated by landfill gas from Tucson area landfills, displacing the burning of coal in a Tucson area power plant, and will be blended with solar power sources as solar power sources are constructed. The total amount of energy sold under *GreenWatts* shall not exceed the combined capacity of TEP's landfill gas facilities and solar power sources.
- Energy generated for *GreenWatts* will be delivered to TEP's distribution grid for general distribution.
- The premium charged for *GreenWatts* does not represent the sale or lease of generation assets.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

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Pricing Plan Rider No. -1 - CLOSED
Adder Associated with Direct Access

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(all prices in mills per kWh)

All customers up to 200 kW demand	Mills per kWh
Summer kWh up to 115% of winter kWh	3.84
Summer kWh greater than 115% but less than or equal to 145% of winter kWh	4.44
Summer kWh greater than 145% but less than or equal to 175% of winter kWh	5.04
Summer kWh greater than 175% but less than or equal to 205% of winter kWh	5.64
Summer kWh greater than 205% of winter kWh	6.24
All customers from 200 kW to 3000 kW demand	
Summer kWh up to 106% of winter kWh	3.00
Summer kWh greater than 106% but less than or equal to 136% of winter kWh	3.48
Summer kWh greater than 136%	3.96
All customers 3000 kW demand and above	
Air Liquide	3.00
Fort Huachuca	3.00
Arizona Portland Cement	3.00
IBM	3.00
Asarco Mission 1	3.00
Asarco Mission 2	3.00
Asarco Silverbell	3.00
Cyprus	3.00
University of Arizona Main Campus	3.00
University of Arizona Health Sciences Center	3.00
University of Arizona Central Heating & Refrigeration Plant	3.00
Burr Brown	3.00
Davis Monthan Air Force Base	3.00
Raytheon	3.00
University Medical Center	3.00
Tucson Medical Center	3.00

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Rider 2 - CLOSED
Must-Run Generation

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Variable Component	\$ 0.015000 per kWh
Fixed Component	
Residential Service	\$ 0.005017 per kWh
General Service - Rates No. 10 and 76	0.005493 per kWh
Mobile Home Parks - Rate No. 11	0.006549 per kWh
Interruptible Agricultural Pumping - Rate No. 31	0.003752 per kWh
Large General Service - Rates No. 13, 85 and 85A	0.003787 per kWh
Large Light & Power - Rates No. 14, 90, and 90A	0.002900 per kWh
Lighting - Rates No. 41, 50 and 51	0.004522 per kWh
Public Authority - Rates No. 40 and 43	0.004876 per kWh
(Weighted Average Fixed Component)	\$ 0.004320 per kWh

Variable component is billed to scheduling coordinator based on actual must-run energy delivered.
Fixed component is billed directly to end-use customer.

During a month in which must-run generation is provided to meet retail load, the Market Price component used in calculating the on-peak MGC shall be a weighted average of the Palo Verde NYMEX futures price and the must-run variable cost charges that are levied on scheduling coordinators serving retail customers in the TEP load zone during that month, consistent with AISA protocols.

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Rider 3 - CLOSED Transmission & Ancillary Services

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Transmission

Group "A" : For customers under 20 kW and not demand metered.

Applicability: Required for Direct Access Service pursuant to the Company's OATT. The rates in Transmission Credit -- Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups. For illustrative purposes, estimated rates are shown in selected Direct Access tariffs.

Note: A loss factor adjustment shall be made for transmission and ancillary services.

Group "B" : For customers not in Group A.

Applicability: Required for Direct Access Service pursuant to the Company's OATT. The following OATT rate is shown below for information and for calculation of the floating CTC (See Transmission Rider No. 3).

As of June 7, 1999, the transmission charges are as follows:

EHV	Non-EHV	
2.259	\$0.757000	per kW / Month

Note: A loss factor adjustment shall be made for transmission and ancillary services.

Ancillary Services

Group "A" : For customers under 20 kW and not demand metered.

Applicability: Required for Direct Access Service, but not purchased directly by the customer. Sold to scheduling coordinator pursuant to the OATT. The rates in Transmission Credit -- Rider No. 5 will be used for the Transmission Credit in the calculation of the floating CTC. These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups. For illustrative purposes, estimated rates are shown in selected Direct Access tariffs.

Services covered:

1. System Control & Dispatch
2. Reactive Supply and Voltage Control
3. Regulation and Frequency Response
4. Energy Imbalance Service
5. Spinning Reserve Service
6. Supplemental Reserve Service

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Rider 3 - CLOSED
Transmission & Ancillary Services

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Notes:

- A loss factor adjustment shall be made for transmission and ancillary services.
- Energy Imbalance Service currently charged pursuant to the Company's OATT, which is subject to change pursuant to AISA protocols.

Group "B" : For customers not in Group A.

Applicability: Required for Direct Access Service pursuant to the Company's OATT. The following OATT rates are shown below for information and for calculation of the floating CTC (See Transmission Rider No. 3).

As of June 7, 1999, the charges are as follows:

Service		
System Control & Dispatch	\$0.041000	per kW / Month
Reactive Supply and Voltage Control	\$0.161000	per kW / Month
Regulation and Frequency Response	\$0.156000	per kW / Month
Energy Imbalance Service	(see note)	
Spinning Reserve Service	\$0.423000	per kW / Month
Supplemental Reserve Service	\$0.069000	per kW / Month

Notes:

- A loss factor adjustment shall be made for transmission and ancillary services.
- Energy Imbalance Service currently charged pursuant to the Company's OATT, which is subject to change pursuant to AISA protocols.

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TUCSON ELECTRIC POWER COMPANY
Tucson, Arizona
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District: Entire Electric Service Area

Tariff No. RIDER NO. 4 - CLOSED
Sheet No. 1 of 1
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FIXED CTC BY CLASS - RIDER NO. 4

Fixed CTC by Class - Rider No. 4

The weighted average of Fixed CTC by class is \$0.009300 per kWh.

By class, the fixed CTC is:

Residential (Rates No. 01, 02, 21, 70 and 201)	\$0.010800 per kWh
General Service (Rates No. 10 and 76):	0.011825 per kWh
Mobile Home Parks (Rate No. 11)	0.014099 per kWh
Interruptible Agricultural Pumping (Rate No. 31)	0.008077 per kWh
Large General Service (Rates No. 13, 85, and 85A):	0.008152 per kWh
Large Light and Power (Rates No. 14, 90, 90A and Special Contract):	0.006244 per kWh
Note: This is a weighted average charge based upon load factor.	
Charges shall be adjusted such that	
a 60% load factor customer is charged:	0.008100 per kWh
and a 90% factor customer is charged:	0.004900 per kWh
Lighting (Rates No. 41, 50 and 51):	0.009736 per kWh
Public Authority (Rates No. 40 and 43):	0.010497 per kWh

Notes:

1. The planned amortization schedule for the Fixed CTC is contained in Exhibit A to the TEP Settlement Agreement ("Fixed CTC Amortization Schedule"). The actual amortization of the fixed CTC will depend on actual retail kWh sales. To the extent that actual retail kWh sales in a given year are higher than the projected retail kWh sales for that year shown in Exhibit A, the amortization attributed to that year will be increased, decreasing the unamortized balance of fixed stranded cost that remains to be collected.
2. To the extent that actual retail kWh sales in a given year are lower than the projected retail kWh sales for that year shown in Exhibit A, the amortization attributed to that year will be less than the amount shown in Exhibit A, resulting in a higher unamortized balance than would have occurred if sales were as projected.
3. If the Floating CTC is negative in a given month, the amount of the Fixed CTC is not affected, and the Fixed CTC payment will continue to be credited toward the recovery of the remaining balance of fixed stranded cost.

TUCSON ELECTRIC POWER COMPANY

Tucson, Arizona

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District: Entire Electric Service Area

Tariff No. RIDER NO. 5 - **CLOSED**

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TRANSMISSION CREDIT - RIDER NO. 5

Specific rates to be determined.

These rates are based on the Company's OATT, but are converted to a kWh-basis for specific load-profiled customer groups.

For illustrative purposes, estimated rates are shown in the Transmission and Ancillary Services sections (for "Group A" customers) of the respective Direct Access tariffs.



Rider 6 - CLOSED
Environmental Portfolio Surcharge

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APPLICABILITY

The Environmental Portfolio Surcharge (EPS) applies to all customers in all territory served by Tucson Electric Power Company as mandated by the Arizona Corporation Commission.

SURCHARGE

The Environmental Portfolio Surcharge shall be applied to all monthly net bills at the following rates:

All kWh	\$0.000875 <i>per kWh</i>
---------	---------------------------

SURCHARGE LIMITS

The monthly total Environmental Portfolio Surcharge shall not exceed the following limits:

Residential Customers	\$0.35 <i>per service per month</i>
Non-Residential Customers	\$13.00 <i>per service per month*</i>
Non-Residential Customers with demand of 3,000 kW or higher per month for three consecutive months	\$39.00 <i>per service per month*</i>

* The EPS will not be assessed to reactive meters or accumulators.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this rate schedule.

Customer bills shall reflect a line item entitled "Environmental Portfolio Surcharge, mandated by the Corporation Commission."

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Tariff No.: Rider No. 6 - **CLOSED**
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Rider 79 - CLOSED
Pricing Flexibility Rider

AVAILABILITY

Available to commercial and industrial customers qualifying for electric service under any commercial or industrial pricing plan. For purposes of determining a negotiated pricing structure ("negotiated price") for a customer pursuant to this rider, the Company and the customer shall specify a pricing plan under which the customer would be entitled to receive service ("Comparative Pricing Plan"). Availability shall be subject to the Terms and Conditions specified herein.

TERMS AND CONDITIONS OF SERVICE

1. The negotiated price must cover the Company's marginal cost, considering the expected term or duration of service and the type of service offered.
2. The negotiated price cannot exceed the Comparative Pricing Plan price.
3. A customer must document a viable alternative to receiving service under the Comparative Pricing Plan.
4. The negotiated price must be commensurate with the cost to the customer of that customer's alternative(s).
5. The customer must agree to an energy audit unless the customer has recently completed a significant DSM program or energy audit and provides the Company with adequate documentation concerning the DSM activities or audit.
6. Each service under this rider shall be evidenced by a contract. The contract may be for varying lengths of time as determined by individual customer or Company requirements. Each executed contract shall be filed with the Commissioners, Staff and RUCO, on a confidential basis, at least 30 days prior to the effective date of the proposed contract and Staff shall determine whether the contract complies with the pricing plan prior to the effective date. Staff shall be provided with adequate documentation and support of each term listed in this rider (e.g., the customer's alternatives) before the 30-day review period commences. If the negotiated contract complies with the tariff, the contract would not be submitted to the Commission for approval, unless a Commissioner requests a formal vote. The Company and Staff may agree on standardized contracts for qualifying customers under 200 kW. To the extent that negotiated contract elements adhere to such a standardized contract, the Company may implement the negotiated elements without Commission approval, unless a Commissioner requests a formal vote. The Company shall notify Staff and RUCO of such contracts by providing a term sheet acceptable to TEP, Staff and RUCO.
7. The Company's shareholders shall be responsible for any foregone revenue resulting from the rider.
8. The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rate schedule.

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Rider 84 - CLOSED
Interruptible Service Rider

AVAILABILITY

Available to customers receiving and qualifying for electric service under pricing plans applicable to service over 200 kW. .

CHARACTER OF SERVICE

Must meet all service requirements for the applicable pricing plan.

DISCOUNT

Customers that elect service under this rider will receive a credit (discount) on their bills.

TERMS AND CONDITIONS OF SERVICE

1. A customer qualifying for service as a Large Light & Power customer (greater than or equal to 3,000 kW) service shall contract for a demand of not less than 1,000 kW; a customer qualifying as a Large General Service (greater than or equal to 200 kW but less than 3,000 kW) shall contract for a demand of not less than 200 kW.
2. The customer must give the Company three years' notice to convert interruptible load to firm load.
3. Customers that elect service under this rider will receive a credit (discount) on their bills. The discount, the maximum number of interruptions per year, the time interval in which customer must comply with Company's request for load reduction, the penalty for customer's failure to comply, and the term of contract will be negotiated on a customer by customer basis.
4. The interruptible load shall be served and metered as provided for in the contract.
5. Company shall not be liable for any loss or damage caused by or resulting from any interruption of service.
6. The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rate schedule.

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EXHIBIT

DJD-7

RULES AND REGULATIONS

CLEAN VERSION

Tucson Electric Power Company

Rules & Regulations

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Tucson Electric Power Company

Rules & Regulations

SECTION 1

APPLICABILITY OF RULES AND REGULATIONS AND DESCRIPTION OF SERVICE

- A. Tucson Electric Power Company ("Company") is an electric utility operating within portions of the state of Arizona. The Company will provide service to any person, institution or business located within its service area in accordance with the provisions of its Pricing Plans and the terms and conditions of these Rules and Regulations.
- B. All electricity delivered to any Customer is for the sole use of that Customer on that Customer's premises only. Electricity delivered by the Company will not be redelivered or resold, or the use thereof by others permitted unless otherwise expressly agreed to in writing by the Company. However, those Customers purchasing electricity for redistribution to the Customer's own tenants (only on the Customer's premises) may separately meter each tenant distribution point for the purpose of prorating the Customer's actual purchase price of electricity delivered among the various tenants on a per unit basis.
- C. These Rules and Regulations will apply to all electric service furnished by the Company to its Customers.
- D. These Rules and Regulations are part of the Company's Pricing Plans on file with, and duly approved by, the Arizona Corporation Commission. These Rules and Regulations will remain in effect until modified, amended, or deleted by order of the ACC. No employee, agent or representative of the Company is authorized to modify the Company Rules.
- E. These Rules and Regulations will be applied uniformly to all similarly situated Customers.
- F. In case of any conflict between these Rules and Regulations and the ACC's rules, these Rules and Regulations will apply.
- G. Whenever the Company and an Applicant or a Customer are unable to agree on the terms and conditions under which the Applicant or Customer is to be served, or are unable to agree on the proper interpretation of these Rules and Regulations, either party may request assistance from the Consumer Services Section of the Utilities Division of the ACC. The Applicant or Customer also has the option to file an application with the ACC for a proper order, after notice and hearing.
- H. The Company's supplying electric service to the Customer and the acceptance thereof by the Customer will be deemed to constitute an agreement by and between the Company and the Customer for delivery, acceptance of and payment for electric service under the Company's Rules and Regulations and applicable Pricing Plans.

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Tucson Electric Power Company

Rules & Regulations

SECTION 2 DEFINITIONS

- A. In these Rules and Regulations, the following definitions will apply unless the context requires otherwise:
1. Applicant: A person requesting the Company to supply electric service.
 2. Application: A request to the Company for electric service, as distinguished from an inquiry as to the availability or charges for this service.
 3. Arizona Corporation Commission ("ACC" or "Commission"): The regulatory authority of the State of Arizona having jurisdiction over public service corporations operating in Arizona hereinafter referred to as the "Commission."
 4. Billing Month: The period between any two regular readings of the Company's meters at approximately thirty (30) day intervals.
 5. Billing Period: The time interval between two consecutive meter readings taken for billing purposes.
 6. Company: Tucson Electric Power Company acting through its duly authorized officers or employees within the scope of their respective duties.
 7. Competitive Services: All aspects of retail service except those services specifically defined as "Non-competitive Services" pursuant to R14-2-1601(27) of the ACC-approved Competition Rules, or noncompetitive services as defined by the Federal Energy Regulatory Commission.
 8. Connected Load: The sum of the power rating of the Customer's electrical apparatus connected to the Company's system.
 9. Contributions in Aid of Construction ("Contribution"): Funds provided to the Company by the Applicant under the terms of a line extension agreement and/or service connection Pricing Plan, the value of which is not refundable.
 10. Customer: The person(s) or entity(ies) in whose name service is rendered, as evidenced by the request for electric service by the Applicant(s), or by the receipt and/or payment of bills regularly issued in his name regardless of the identity of the actual user of the service.
 11. Customer Charge: The amount the Customer must pay the Company for the availability of electric service, excluding any electricity used, as specified in the Company's Pricing Plans.
 12. Day: Calendar Day
 13. Demand: The rate at which power is delivered during any specified period of time. Demand may be expressed in kilowatts, kilovolt-amperes, or other suitable units.

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Tucson Electric Power Company

Rules & Regulations

SECTION 2 DEFINITIONS (continued)

14. Disabled: A person with a physical or mental condition which substantially contributes to the person's inability to manage his or her own resources, carry out daily living activities, or protect oneself from neglect or hazardous situations without assistance from others.
15. Distribution Lines: The Company's lines operated at distribution voltage, which are constructed along public roadways or other bona fide rights-of-way, including easements on Customer's property.
16. Elderly: A person who is 65 years of age or older.
17. Energy: Electric energy, expressed in kilowatt-hours.
18. Illness: A medical ailment or sickness for which a residential Customer obtains a verified document from a licensed medical physician stating the nature of the illness and that discontinuance of service would be especially dangerous to the Customer's health.
19. Inability to Pay: Circumstances in which a residential Customer:
 - a. Is not gainfully employed and unable to pay, or
 - b. Qualifies for government welfare assistance, but has not begun to receive assistance on the date he receives his bill and can obtain verification of that fact from the government welfare assistance agency.
 - c. Has an annual income below the published federal poverty level and can produce evidence of this, and
 - d. Signs a declaration verifying that the Customer meets one of the above criteria and is either elderly, handicapped, or suffers from illness.
20. Interruptible Electric Service: Electric service that is subject to interruption as specified in the Company's Pricing Plan.
21. Kilowatt ("kW"): A unit of power equal to 1,000 watts.
22. Kilowatt-Hour ("kWh"): The amount of electric energy delivered in one hour at a constant rate of one kilowatt.
23. Law: Any statute, rule, order or requirement established and enforced by government authorities.
24. Line Extension: The lines and equipment necessary to extend the electric distribution system of the Company to provide service to additional Customers.

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Tucson Electric Power Company

Rules & Regulations

SECTION 2 DEFINITIONS (continued)

25. Long-Term Rental Mobile Home Park: A park which is finish-graded and has permanently paved roadways, sewer and water connections, and which provides rental spaces to permanent and semi-permanent occupants of mobile homes which are owned either by the occupant or by other persons.
26. Master Meter: A meter for measuring or recording the flow of electricity at a single location before distribution to tenants or occupants for their individual usage.
27. Megawatt ("MW"): Unit of power equal to 1,000,000 watts.
28. Meter: The instrument and any associated equipment used for measuring, indicating or recording the flow of electricity that has passed through it.
29. Meter Tampering: A situation in which a meter has been illegally altered, including, but not limited to: meter bypassing, use of magnets to slow the meter recording, and broken meter seals.
30. Minimum Charge: The amount the Customer must pay for the availability of electric service, including an amount of usage, as specified in the Company's Pricing Plans.
31. Month: The period between any two (2) regular readings of the Company's meters at approximately thirty (30) day intervals.
32. On-site Generation: Any and all power production generated on or adjacent to a Customer's property that is controlled, utilized, sold, or consumed by said Customer or its agent.
33. Permanent Customer: A Customer who is a tenant or owner of a service location who applies for and receives permanent electric service.
34. Permanent Service: Service which, in the opinion of the Company, is of a permanent and established character. The use of electricity may be continuous, intermittent, or seasonal in nature.
35. Person: Any individual, partnership, firm, corporation, governmental agency, or other organization operating as a single entity.
36. Point of Delivery: In all cases, unless otherwise specified, "point of delivery" is the location on the Customer's building, structure, or premises where all wires, conductors, or other current-carrying devices of the Customer join or connect with wires, conductors, or other current-carrying devices of the Company. Location of the point of delivery will be determined by the Company in conformity with its standards and specifications, rate schedules and construction standards as they exist from time to time. Location of metering facilities will be determined by the Company and may or may not be at the same location as the point of delivery.

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SECTION 2 **DEFINITIONS** (continued)

37. Power: The rate of generating, transferring and/or using electric energy, usually expressed in kilowatts.
38. Power Factor: The ratio of real or active power ("kW") to apparent or reactive power ("kVA").
39. Premises: All of the real property and apparatus employed in a single enterprise on an integral parcel of land undivided by public streets, alleys or railways.
40. Pricing Plans: A part of the Company's Tariffs that sets forth the rates and charges related to specific categories of Customers and related terms and conditions.
41. Primary Service and Metering: Service supplied directly from the Company's high voltage distribution or transmission lines without prior transformation to a secondary level.
42. Residential Subdivision Development: Any tract of land which has been divided into six or more contiguous lots with an average size of one acre or less for use for the construction of residential buildings or permanent mobile homes for either single or multiple occupancy.
43. Residential Use: Service to Customers using electricity for domestic purposes such as space heating, air conditioning, water heating, cooking, clothes drying, and other residential uses, including use in apartment buildings, mobile home parks, and other multi-unit residential buildings.
44. Rules and Regulations or Company Rules: These Rules and Regulations that are part of the Company's Tariffs and Pricing Plans.
45. Secondary Service: Service supplied at secondary voltage levels from the load side of step-down transformers connected to the Company's high voltage distribution lines.
46. Secondary Service Charge: The Company's current average cost of construction of secondary services.
47. Service Area: The territory in which the Company has been granted a certificate of convenience and necessity and is authorized by the Commission to provide electric service.
48. Service Classifications: Service classifications will be those provided by the filed rate schedules.
49. Service Drop: The overhead service conductors from the last Company-owned pole or other aerial support to and including the splices, if any, connecting to the Customer's service entrance conductors at a building or other structure.
50. Service Establishment Charge: The charge as specified in the Company's Pricing Plans which covers the cost of establishing a new account.

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SECTION 2 DEFINITIONS (continued)

51. Service Lateral: The underground service conductors between the street main, including any risers at a pole or other structure or from transformers, and the first point of connection to the Customer's service entrance conductors in a terminal box or meter or other enclosure with adequate space, inside or outside the building wall.
52. Service Line: The last line extending from a distribution line or transformer to the Customer's premises or point of delivery.
53. Service Point: Unless otherwise stated, all references to "service point" in this agreement will refer to an installed service, identified by a Universal Node Identifier ("UNI").
54. Service Reconnection Charge: The charge as specified in the Company's Pricing Plans which must be paid by the Customer prior to reestablishment of electric service each time the electricity is disconnected for nonpayment or whenever service is otherwise discontinued for failure to comply with the Company's Pricing Plans or Rules and Regulations.
55. Service Reestablishment Charge: A charge as specified in the Company's Pricing Plans for service at the same location where the same Customer had ordered a service disconnection within the preceding twelve-month period.
56. Single Family Dwelling: A house, apartment, or a mobile home permanently affixed to a lot, or any other permanent residential unit which is used as a permanent home.
57. Single-Phase Service: Three (3) wire service (usually 120/240 volts).
58. Tariffs: The documents filed with the Commission which list the services offered by the Company which set forth the terms and conditions and a schedule of the rates and charges for those services.
59. Temporary Service: Service to premises or enterprises which are temporary in character, or where it is known in advance that the service will be of limited duration. Service which, in the opinion of the Company, is for operations of a speculative character is also considered temporary service.
60. Third-Party Notification: A notice of pending discontinuance of service to a Customer of record sent to an individual or a public entity in order to make satisfactory arrangements with the Company on behalf of said Customer.
61. Three-Phase Service: Four (4) wire service (usually 120/208 volts).
62. Universal Node Identifier ("UNI"): A unique, permanent identification number assigned to each service point of delivery.
63. Weather Especially Dangerous to Health: That period of time commencing with the scheduled termination date when the local weather forecast, as predicted by the National Oceanic and Atmospheric Administration, indicates that the temperature will not exceed 32 degrees Fahrenheit for the next day's forecast.

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SECTION 3 ESTABLISHMENT OF SERVICE

A. Information from New Applicants

1. The Company may obtain the following minimum information from each new application for service:
 - a. Name or names of Applicant(s);
 - b. Service address or location and telephone number;
 - c. Billing address and telephone number, if different than service address;
 - d. Social security number or Driver's License number and date of birth to be consistent with verifiable information on legal identification;
 - e. Address where service was provided previously;
 - f. Date Applicant will be ready for service;
 - g. Whether premises had been supplied with electric service previously;
 - h. Purpose for which service is to be used;
 - i. Whether Applicant is owner or tenant of, or agent for the premises;
 - j. Information concerning the energy and demand requirements of the Customer; and
 - k. Type and kind of life-support equipment, if any, used by the Customer.
2. The supplying of electric service by the Company and the acceptance of that electric service by the Customer will be deemed to constitute an agreement by and between the Company and the Customer for delivery, acceptance of and payment for electric service under the Company's applicable Pricing Plans and Rules and Regulations.
3. The term of any agreement not otherwise specified will become operative on the day the Customer's installation is connected to the Company's facilities for the purpose of taking electric energy.
4. The Company may require a written contract with special guarantees from Applicants whose unusual characteristics of load or location would require excessive investment in facilities or whose requirements for service are of a special nature.
5. Signed contracts may be required for service to commercial and industrial establishments. Neither these contracts, nor any modifications to these contracts, will be binding upon the Company until executed by a duly authorized representative of the Company.
6. Where service is rendered to two (2) or more Customers whose name appears on the bill, as evidenced on the bill, the Company will have the right to collect the full amount owed it from any one of the Customers.

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SECTION 3 ESTABLISHMENT OF SERVICE (continued)

B. Deposits

1. The Company may require from any present or prospective Customer a deposit to guarantee payment of all bills. This deposit may be retained by the Company until service is discontinued and all bills have been paid, except as provided in Subsection 3.B.3 below. Upon proper application by the Customer, the Company will then return said deposit, together with any unpaid interest accrued thereon from the date of commencement of service or the date of making the deposit, whichever is later. The Company will be entitled to apply said deposit together with any unpaid interest accrued thereon, to any indebtedness for the same class of service owed to the Company for electric service furnished to the Customer making the deposit. When said deposit has been applied to any such indebtedness, the Customer's electric service may be discontinued until all such indebtedness of the Customer is paid and a like deposit is again made with the Company by the Customer. No interest will accrue on any deposit after discontinuance of the service to which the deposit relates.

The Company will not require a deposit from a new Applicant for residential service if the Applicant is able to meet any of the following requirements:

- a. The Applicant has had service of a comparable nature with the Company at another service location within the past two (2) years and was not delinquent in payment during the last twelve (12) consecutive months of service or was not disconnected for nonpayment; or
 - b. The Applicant can produce a letter regarding credit verification from an electric utility where service of a comparable nature was last received which states that the Applicant has had a timely payment history at time of service discontinuation; or
 - c. Instead of a deposit, the Company receives deposit guarantee notification from a social or governmental agency acceptable to the Company. A surety bond may be provided as security for the Company in an amount equal to the required deposit.
2. The Company may issue a non-assignable, non-negotiable receipt to the Applicant for the deposit. The inability of the Customer to produce his or her receipt will in no way impair the Customer's right to receive a refund of the deposit that is reflected on the Company records.

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SECTION 3 ESTABLISHMENT OF SERVICE (continued)

3. Cash deposits held by the Company twelve (12) months or longer will earn interest at the established one-year Treasury constant maturities rate, effective on the first business day of each year, as published in the Federal Reserve website.
 - a. Residential Customers – Deposits or other instruments of credit will automatically expire or be refunded or credited to the Customer's account, after twelve (12) consecutive months of service during which time the Customer has not been delinquent more than two (2) times in a twelve-month period.
 - b. All Customers – Upon final discontinuance of the use of the service and full settlement of all bills by the Customer, any deposit, not previously refunded, with accrued interest, if any, in accordance with the provisions of these Rules and Regulations will be returned to the Customer or, at the Company election, it may be applied to the payment of any unpaid accounts of the Customer and the balance, if any, returned to the Customer.
4. The Company may require a Customer to establish or reestablish a deposit if the Customer became delinquent in the payment of three (3) or more bills within a twelve (12) consecutive month period, or has been disconnected from service during the last twelve (12) months.
5. The Company may review the Customer's usage after service has been connected and adjust the deposit amount based upon the Customer's actual usage.
6. A separate deposit may be required for each meter installed.
7. Residential Customer deposits will not exceed two (2) times that Customer's estimated average monthly bill. Non-residential Customer deposits will not exceed two and one-half (2.5) times that Customer's maximum estimated monthly bill. If actual usage history is available, then that usage, adjusted for normal weather, will be the basis for the estimate.
8. The posting of a deposit will not preclude the Company from terminating service when the termination is due to the Customer's failure to perform any obligation under the agreement for service or any of these Rules and Regulations.

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SECTION 3 ESTABLISHMENT OF SERVICE (continued)

C. Conditions for Supplying Service

The Company reserves the right to determine the conditions under which service will be provided. Conditions for service and extending service to the Customer will be based upon the following:

1. Customer has wired his premises in accordance with the National Electric Code, City, County and/or State codes, whichever are applicable.
2. Customer has installed the meter loop in a suitable location approved by the Company.
3. In the case of a mobile home, the meter loop must be attached to a meter pole or to an approved support.
4. In case of temporary construction service, the meter loop must be attached to an approved support.
5. All meter loop installations must be in accordance with the Company's specifications and located at an outdoor location accessible to the Company.
6. Individual Customers may be required to have their property corner pins and/or markers installed to establish proper right-of-way locations.
7. Developers must have all property corner pins and/or markers installed necessary to establish proper locations to supply electric service to individual lots within subdivisions.
8. Where the installation requires more than one meter for service to the premises, each meter panel must be permanently marked (not painted) by the contractor or Customer to properly identify the portion of the premises being served.
9. The identification will be the same as the apartment, office, etc., served by that meter socket. The identifying marking placed on each meter panel will be impressed into or raised from a tab of aluminum, brass or other approved non-ferrous metal with minimum one-fourth (1/4) inch-high letters. This tag must be riveted to the meter panel. The impression must be deep enough to prevent the identification(s) from being obscured by subsequent painting of the building and attached service equipment.
10. The Company may require the assistance of the Customer and/or the Customer's contractor to open the apartments or offices at the time the meters are set, in order to verify that each meter socket actually serves the apartment or office indicated by the marking tag. In the case of multiple buildings, the building or unit number and street address will be identified on the pull section in the manner described above.

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SECTION 3 ESTABLISHMENT OF SERVICE (continued)

D. Grounds for Refusal of Service

The Company may refuse to establish service if any of the following conditions exist:

1. The Applicant has an outstanding amount due for the same class of service with the Company and the Applicant is unwilling to make satisfactory arrangements with the Company for payment.
2. A condition exists which in the Company's judgment is unsafe or hazardous to the Applicant, the general population, or the Company's personnel or facilities.
3. Refusal by the Applicant to provide the Company with a deposit when the Customer has failed to meet the credit criteria for waiver of deposit requirements.
4. Customer is known to be in violation of the Company's Pricing Plans filed with and approved by the Commission.
5. Failure of the Customer to furnish such funds, service, equipment, and/or rights-of-way necessary to serve the Customer and which have been specified by the Company as a condition for providing service.
6. Customer fails to provide access to the meter that would be serving the Customer.
7. Applicant falsifies his or her identity for the purpose of obtaining service.

E. Service Establishment, Reestablishment and Reconnection Charge

1. The Company will make a charge, as approved by the Commission, for service establishment or reestablishment for service reads only as set forth in the Statement of Additional Charges.
2. The Company will make a charge, as approved by the Commission, for service establishment or reestablishment, other than service reads under usual operating procedures, for single-phase service only, during regular business hours as set forth in the Statement of Additional Charges.
3. Should single-phase service be established or reestablished during a period other than regular working hours at the Customer's request, the Customer will be required to pay an after-hours charge for the service connection as set forth in the Statement of Additional Charges. Where Company scheduling will not permit service establishment on the same day as requested, the Customer may elect to pay the after-hours charge for establishment that day or his/her service will be established on the next available business day. Even so, a Customer's request to have the Company establish service after-hours is subject to the Company having Staff available; there is no guarantee that the Company will have the staffing available for service establishment, reestablishment or reconnection outside of regular business hours.

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SECTION 3 ESTABLISHMENT OF SERVICE (continued)

4. The Company will make a charge, as approved by the Commission, for service establishment or reestablishment, other than service reads under usual operating procedures, for three-phase service only, during regular business hours as set forth in the Statement of Additional Charges.
5. Should three-phase service be established or reestablished during a period other than regular working hours at the Customer's request, the Customer will be required to pay an after-hours charge for the service connection as set forth in the Statement of Additional Charges. Where Company scheduling will not permit service establishment on the same day as requested, the Customer may elect to pay the after-hours charge for establishment that day or his/her service will be established on the next available business day. Even so, a Customer's request to have the Company establish service after-hours is subject to the Company having Staff available; there is no guarantee that the Company will have the staffing available for service establishment, reestablishment or reconnection outside of regular business hours.
6. For the purpose of this rule, the definition of service establishment is where the Applicant's facilities are ready and acceptable to the Company, the Applicant has obtained all required permits and/or inspections indicating that the Applicant's facilities comply with local construction safety and governmental standards and regulations, and the Company needs only to install a meter, read a meter, or turn the service on.
7. Reconnection Charge: Whenever the Company has discontinued service under its usual operating procedures because of any default by the Customer as provided herein, a reconnection charge not to exceed the charge for the reestablishment of service as set forth in the Statement of Additional Charges will be made and may be collected by the Company before service is restored. When, due to the behavior of the Customer, it has been necessary to discontinue service utilizing other than usual operating procedures, the Company will be entitled to charge and collect, through verifiable means, actual costs to restore service.

F. Temporary Service

1. Applicants for temporary service will be required to pay the Secondary Service Charge as set forth in the Statement of Additional Charges.
2. Where duration of service is to be less than one month, the Applicant may also be required to advance a sum of money equal to the estimated bill for service.
3. Where the duration of service is to exceed one month, the Applicant may also be required to meet the deposit requirements of the Company.

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SECTION 3 ESTABLISHMENT OF SERVICE (continued)

- G. Identification of Load and Premises: Upon request of the Company, the Applicant must identify the electric load and premises to be served by the Company at the time of application. If the service address is not recognized in terms of commonly-used identification system, the Applicant may be required to provide specific written directions and/or legal descriptions before the Company will be required to act upon a request for electric service.
- H. Identification of Responsible Party: Any person applying on behalf of another Applicant for service to be connected in the name of or in care of another Applicant must furnish to the Company written approval from that Applicant guaranteeing payment of all bills under the account. The Customer is responsible in all cases for service supplied to the premises until the Company has received proper notice of the effective date of any change. The Customer will also promptly notify the Company of any change in billing address.
- I. Tampering With or Damaging Company Equipment
1. The Customer agrees, when accepting service, that no one except authorized Company employees or agents of the Company will be allowed to remove or replace any Company owned equipment installed on Customer's property.
 2. No person, except an employee or agent acting on behalf of the Company will alter, remove or make any connection to the Company's meter or service equipment.
 3. No meter seal may be broken or removed by anyone other than an employee or agent acting on behalf of the Company; however the Company may give its prior consent to break the seal by an approved electrician employed by a Customer when deemed necessary by the Company.
 4. The Customer will be held responsible for any broken seals, tampering, or interfering with the Company's meter(s) or any other Company owned equipment installed on the Customer's premises. In cases of tampering with meter installations, interfering with the proper working thereof, or any tampering, interfering, theft, or service diversion, including the falsification of Customer read-meter readings, Customer will be subject to immediate discontinuance of service. The Company will be entitled to collect from the Customer whose name the service is in, under the appropriate rate, for all power and energy not recorded on the meter as the result of such tampering, or other theft of service, and also additional security deposits as well as all expenses incurred by the Company for property damages, investigation of the illegal act, and all legal expenses and court costs incurred by the Company.
 5. The Customer will be held liable for any loss or damage occasioned or caused by the Customer's negligence, want of proper care or wrongful act or omission on the part of any Customer's agents, employees, licensees or contractors.

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SECTION 4 MINIMUM CUSTOMER INFORMATION REQUIREMENTS

A. Information for Residential Customers

1. The Company will make available upon Customer request not later than sixty (60) days from the date of the request, a concise summary of the rate schedule applied for by the Customer. The summary will include the following:
 - a. The monthly minimum or Customer charge, identifying the amount of the charge and the specific amount of usage included in the minimum charge, where applicable;
 - b. Rate blocks, where applicable;
 - c. Any adjustment factor(s) and method of calculation; and
 - d. Demand charge, where applicable.
2. Upon application for service or upon request, the Applicant or the Customer will elect the applicable Pricing Plan best suited to his requirements. The Company may assist in making this election, but will not be held responsible for notifying the Customer of the most favorable Pricing Plan and will not be required to refund the difference in charges under different Pricing Plans.
3. Upon written notification of any material changes in the Customer's installation or load conditions, the Company will assist in determining if a change in Pricing Plans is desirable, but not more than one (1) such change at the Customer's request will be made within any twelve-month period.
4. The supply of electric service under a residential rate schedule to a dwelling involving some business or professional activity will be permitted only where such activity is of only occasional occurrence, or where the electricity used in connection with such activity is small in amount and used only by equipment which would normally be in use if the space were used as living quarters. Where the portion of a dwelling is used regularly for business, professional or other gainful purposes, and any considerable amount of electricity is used for other than domestic purposes, or electrical equipment not normally used in living quarters is installed in connection with such activities referred to above, the entire premises must be classified as non-residential and the appropriate general service Pricing Plan will be applied.

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SECTION 4

MINIMUM CUSTOMER INFORMATION REQUIREMENTS

(continued)

5. Upon Customer request the Company will make available within sixty (60) days from date of service commencement, a concise summary of the Company's Pricing Plans or the Commission's Rules and Regulations concerning:
 - a. Deposits;
 - b. Termination of service;
 - c. Billing and collection; and
 - d. Complaint handling.
 6. Upon request of a Customer, the Company will transmit a written statement of actual consumption for each billing period during the prior twelve (12) months unless this data is not reasonably ascertainable. But the Company will not be required to accept more than one such request from each Customer in a calendar year. Even so, the Company will charge a fee consistent with its ACC-approved Pricing Plans and/or these Rules and Regulations for providing consumption, interval or other data to the Customer.
 7. The Company will inform all new Customers of their right to obtain the information specified above.
- B. Information Required Due to Changes in Pricing Plans
1. The Company will transmit to affected Customers a concise summary of any change in the Company's Pricing Plans affecting those Customers.
 2. This information will be transmitted to the affected Customer within sixty (60) days of the effective date of the change.

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SECTION 5 MASTER METERING

A. Mobile Home Parks - New Construction/Expansion

1. The Company will refuse service to all new construction and/or expansion of existing permanent residential mobile home parks unless the construction and/or expansion is individually metered by the Company. Line extensions and service connections to serve this new construction and/or expansion will be governed by these Rules and Regulations.
2. For the purpose of this rule, permanent residential mobile home parks will mean mobile home parks where, in the opinion of the Company, the average length of stay for an occupant is a minimum of six months.
3. For the purpose of this rule, expansion means the acquisition of additional real property for permanent residential spaces in excess of that existing at the effective date of this rule.

B. Residential Apartment Complexes, Condominiums, and other Multi-unit Residential Buildings

1. Master metering will not be allowed for new construction of apartment complexes and condominiums unless the building(s) will be served by a centralized heating, ventilation and/or air conditioning system and the contractor can provide to the Company an analysis demonstrating that the central unit will result in a favorable cost/benefit relationship.
2. At a minimum, the cost/benefit analysis will consider the following elements for a central unit as compared to individual units:
 - a. Equipment and labor costs;
 - b. Financing costs;
 - c. Maintenance costs;
 - d. Estimated kWh usage;
 - e. Estimated kW demand on a coincident demand and non-coincident demand basis (for individual units);
 - f. Cost of meters and installation; and
 - g. Customer accounting cost (one account vs. several accounts).

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SECTION 6

SERVICE LINES AND ESTABLISHMENTS

A. Priority and Timing of Service Establishments

1. After an Applicant has complied with the Company's application requirements and has been accepted for service by the Company and obtained all required easements, permits and/or inspections indicating that the Customer's facilities comply with local construction, safety and governmental standards or regulations, the Company will schedule that Customer for service establishment.
2. All charges are due and payable before the Company will schedule the Customer for service establishment.
3. Service establishments will be scheduled for completion within five (5) business days of the date the Customer has been accepted for service, except in those instances when the Customer requests service establishment beyond the five (5) business day limitation.
4. When the Company has made arrangements to meet with a Customer for service establishment purposes and the Company or the Customer cannot make the appointment during the prearranged time, the Company will reschedule the service establishment to the satisfaction of both parties.
5. The Company will schedule service establishment appointments within a maximum range of four (4) hours during normal working hours, unless another time frame is mutually acceptable to the Company and the Customer.
6. Service establishments must only be made by the Company.
7. For the purposes of this rule, service establishments are where the Customer's facilities are ready and acceptable to the Company and the Company needs only to install or read a meter or turn the service on.

B. Service Lines

1. Customer-provided Facilities
 - a. Each Applicant for service will be responsible for all inside wiring, including the service entrance, meter socket and conduit. For three-phase service, the Customer will provide, at his expense, all facilities, including conductors and conduit, beyond the Company-designated point of delivery.
 - b. Meters and service switches in conjunction with the meter must be installed in a location where the meters will be readily and safely accessible for reading, testing and inspection and where such activities will cause the least interference and inconvenience to the Customer. Location of metering facilities will be determined by the Company and may or may not be at the same location as the point of delivery. However, the meter locations will not be on the front exterior wall of the home, or in the carport or garage, unless mutually agreed to between the home builder or Customer and the Company. Without cost to the Company, the Customer must provide, at a suitable and easily accessible location, sufficient and proper space for installation of meters.

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SECTION 6 SERVICE LINES AND ESTABLISHMENTS (continued)

- c. Where the meter or service line location on the Customer's premises is changed at the request of the Customer or due to alterations on the Customer's premises, the Customer, at his expense, must provide and have installed all wiring and equipment necessary for relocating the meter and service line connection. The Company will assess a charge for moving the meter and/or service line.
 - d. Customer will provide access to the main switch or breaker for disconnecting load to enable safe installation and removal of Company meters.
2. Overhead Service Connections - Secondary Service
- a. Any service line will be paid for by the Customer. The Customer will be charged a Secondary Service Charge as set forth in the Statement of Additional Charges. The Company will review its costs and file a Pricing Plan revision annually. Such revisions will be subject to approval by the Commission before becoming effective.
 - b. Whenever any of the clearances required by the applicable laws, ordinances, rules or regulations of public authorities or standards of the Company from the service drops to the ground or any object becomes impaired by reason of any changes made by the owner or tenant of the premises, the Customer will, at his own expense, provide a new and approved support, in a location approved by the Company, for the termination of the Company's service drop wires and will also provide all service entrance conductors and equipment necessitated by the change of location.
 - c. For each overhead service connection, the Customer will furnish, at his own expense, a set of service entrance conductors that will extend from the point of delivery at the point of termination of the Company's service drop on the Customer's support to the Customer's main disconnect switch. These service entrance conductors will be of a type and be in an enclosure which meets with the approval of the Company and any inspection authorities having jurisdiction.
3. Underground Service Connections - Secondary Service
- a. Any service line will be paid for by the Customer. The Customer will be charged a Secondary Service Charge as set forth in the Statement of Additional Charges. The Company will review its costs and file a Pricing Plan revision annually. Such revisions will be subject to approval by the Commission before becoming effective.
 - b. In areas where the Company maintains an underground distribution system, individual services will be underground and paid for by the Customer.
 - c. Whenever the Company's underground distribution system is not complete to the point designated by the Company where the service lateral is to be connected to the distribution system, the system may be extended in accordance with Section 7.

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SECTION 6 SERVICE LINES AND ESTABLISHMENTS (continued)

- d. For single-phase service, the Company will install a service lateral from its distribution line to the Customer's Company-approved termination facilities under the following conditions (unless otherwise agreed to by the Company and the Applicant):
 - i. The Customer, at his expense, will provide the necessary trenching, conduit, conduit installation, backfill, landscape restoration and paving and will furnish, install, own and maintain termination facilities on or within the building to be served.
- e. The Company will furnish, install, own, and maintain the underground single-phase service cables to the Customer's Company-approved termination facilities.
- f. The Company will determine the minimum size and type of conduit and conductor for the single-phase service. The Customer will furnish and install the conduit system, including pull ropes. The ownership of this conduit or duct will be conveyed to the Company, and the Company will thereafter maintain this conduit or duct. The maximum length of any service conductor will be determined by the Company in accordance with accepted engineering practice in determining voltage drop, voltage flicker, and other relevant considerations.
- g. For three-phase service, the Customer will also provide, at his expense, all facilities, including conductors and conduit, beyond the Company-designated point of delivery in addition to the Secondary Service Charge.

C. Easements and Rights-of-Way

- 1. At no cost to the Company, each Customer must grant adequate easements and rights-of-way satisfactory to the Company to ensure that Customer's proper service connection. Failure on the part of the Customer to grant adequate easements and rights-of-way will be grounds for the Company to refuse service.
- 2. When the Company discovers that a Customer or his agent is performing work, has constructed facilities, or has allowed vegetation to grow adjacent to or within an easement or right-of-way and such work, construction, vegetation or facility poses a hazard or is in violation of federal, state or local laws, ordinances, statutes, rules or regulations, or significantly interferes with the Company's access to equipment, the Company will notify the Customer or his agent and will take whatever actions are necessary to eliminate the hazard, obstruction or violation at the Customer's expense.

D. Number of Services to be Installed

The Company will not install more than one service, either overhead or underground, for any one building or group of buildings on a single premises, except as separate services may be installed for separate buildings or group of buildings where necessary for the operating convenience of the Company, where provided for in Pricing Plans, or where required by law or local ordinance.

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SECTION 6 SERVICE LINES AND ESTABLISHMENTS (continued)

E. Multiple Service Points

Unless otherwise expressly provided herein, or in a rate schedule or contract, any person, firm, corporation, agency or other organization or governmental body receiving service from the Company at more than one location or for more than one separately-operated business will be considered as a separate Customer at each location and for each business. If several buildings are occupied and used by a Customer in the operation of a single business, then the Company, upon proper application, will furnish service for the entire group of buildings through one service connection at one point of delivery, provided all of these buildings are at one location on the same lot or tract, or on adjoining lots or tracts forming a contiguous plot (not separated by any public streets) wholly owned, or controlled, and occupied by the Customer in the operation of this single business. Dwelling units will be served, metered and billed separately, except at the option of the Company.

F. Temporary Service

For service that is temporary in nature or for operations of a speculative character or questionable permanency the Customer will be charged the Secondary Service Charge as set forth in the Statement of Additional Charges.

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SECTION 7 LINE EXTENSIONS

Introduction

The Company will construct, own, operate and maintain lines along public streets, roads and highways which the Company has the legal right to occupy, and on public lands and private property across which rights-of-way and easements satisfactory to the Company may be obtained without cost to or condemnation by the Company.

A request for electric service often requires the construction of new distribution lines of varying distances. The distances and cost vary widely depending upon Customer's location and load size. With such a wide variation in extension requirements, it is necessary to establish conditions under which the Company will extend its electric facilities.

All extensions (single-phase, three-phase or feeder) are subject to the availability of adequate capacity, voltage and Company facilities at the beginning point of an extension, as determined by the Company.

A standard policy has been adopted to provide service to Customers whose requirements are deemed by the Company to be ordinary in nature.

A. General Requirements

1. Upon an Applicant's request for a line extension, the Company will prepare, without charge, a preliminary electric design and a rough estimate of the cost of installation to be paid by said Applicant.
2. Any Applicant for a line extension requesting the Company to prepare detailed plans, specifications, or cost estimates will be required to deposit with the Company an amount equal to the estimated cost of preparation. The Company will, upon request, make available within ninety (90) days after receipt of the deposit referred to above, these plans, specifications, or cost estimates of the proposed line extension. Where the Applicant authorizes the Company to proceed with construction of the extension, the deposit will be credited to the cost of construction; otherwise the deposit will be nonrefundable. If the extension is to include oversizing of facilities to be done at the Customer's expense, appropriate details will be set forth in the plans, specifications and cost estimates. Subdivision developers providing the Company with approved plats will be provided with plans, specifications, or cost estimates within forty-five (45) days after receipt of the deposit referred to above.
3. The Company will provide a copy of the line extension policy prior to the Applicant's acceptance of the utility's extension agreement.
4. All line extension agreements requiring payment by the Applicant will be in writing and signed by each party.
5. All charges are due and payable at the time that the line extension agreement is executed.

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SECTION 7 LINE EXTENSIONS (continued)

6. The provisions of this rule apply only to those Applicants who, in the Company's judgment, will be permanent Customers of the Company. Applications for temporary service will be governed by the Company's rules concerning temporary service applications. The Company reserves the right to delay the extension of facilities until the satisfactory completion of required site improvements, as determined by the Company, and an approved service entrance to accept electric service has been installed.

B. Minimum Written Agreement Requirements

1. Each line extension agreement will, at a minimum, include the following information:
 - a. Name and address of Applicant(s);
 - b. Proposed service address or location;
 - c. Description of requested service;
 - d. Description and sketch of the requested line extension;
 - e. Total cost of the line extension; and
 - f. The Company's estimated commencement and completion dates for construction of the line extension.
2. Each Applicant will be provided with a copy of the written line extension agreement.

C. Line Extension Requirements

1. Overhead Extensions to Individual Applicants and to the Perimeter of Duly-Recorded Real Estate Subdivisions

Except as otherwise provided herein, overhead extensions will be made as follows:

- a. Rates for Overhead Extensions

The Company will install, own, and maintain the distribution facilities necessary to provide permanent service to the Customer. Prior to the installation of facilities, the Customer will be required to pay the cost of the construction of the distribution facilities. The costs of construction are set forth in the Statement of Additional Charges.

The line extension charges are based on the Company's current average cost of construction of distribution lines. The Company will review its costs and file a Pricing Plan revision annually. Such revisions will be subject to approval by the Commission before becoming effective.

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SECTION 7 LINE EXTENSIONS (continued)

b. Extensions to Large Light and Power Customers

The Company will install, own and maintain, on an individual project basis, the distribution facilities necessary to provide permanent service to a large light and power Customer. Prior to the installation of facilities, the Customer will be required to pay the estimated cost of the construction of the distribution facilities. Upon completion of construction the Company will compare actual cost to the estimated cost and any difference will be either billed or refunded to the Customer.

2. Overhead or Underground Distribution Facilities Within a New Duly Recorded Residential Subdivision

a. General

Required distribution facilities within a new duly recorded residential subdivision, including subdivision plats which are activated subsequent to their recordation, for permanent service to single and/or multi-family residences and/or unmetered area lighting, will be constructed, owned, operated and maintained by the Company in advance of applications for service by permanent Customers only after the Company and the Applicant have entered into a written contract which (unless otherwise agreed to by the Company and the Applicant) provides that:

- 1) The total charge of the line extension, as set forth in the Statement of Additional Charges, will be paid by the Customer to cover the Company's costs of construction.
- 2) Underground Installations - Extensions of electric lines necessary to furnish permanent electric service to new residential buildings or mobile homes within a subdivision, in which facilities for electric service have not been constructed, for which applications are made by a developer will be installed underground in accordance with the provisions set forth in this regulation except where it is not feasible from an engineering or operational standpoint. Extensions of underground distribution lines necessary to furnish permanent electric service within a new single family and/or multi-family residential subdivision will be made by the Company in advance of receipt of applications for service by permanent Customers in accordance with the following provisions (unless otherwise agreed to by the Company and the Applicant):
 - i. The subdivider or other Applicant will provide at its expense the trenching, conduit, conduit installation, backfilling (including any imported backfill required), compaction, repaving, landscape restoration and any earthwork for pull boxes and transformer pad sites required to install the underground electric system, all in accordance with the specifications of the Company.
 - ii. Underground service will be installed, owned, operated and maintained as provided in Section 6 of these Rules and Regulations.

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SECTION 7 LINE EXTENSIONS (continued)

3. Underground Extensions to Individual Applicants and the Perimeter of Duly Recorded Real Estate Subdivisions

a. General

Underground line extensions will generally be made only where mutually agreed upon by the Company and the Applicant, or in areas where the Company does maintain underground distribution facilities for its operating convenience.

- 1) The total charge of the line extension, as set forth in the Statement of Additional Charges, will be paid by the Customer to cover the costs of construction.
- 2) Underground extensions will be installed, owned, operated and maintained by the Company.
- 3) The Applicant will install all of the required underground duct system (including all or a portion of the necessary trenching, backfilling, conduits, ducts, transformer and equipment pads, manholes, and pull boxes) in accordance with the Company's specifications and subject to the Company's inspection and approval. Upon acceptance and approval by the Company, the Applicant will grant to the Company the exclusive right to use and occupy said duct system or, at the option of the Company, will transfer ownership thereof to the Company.
- 4) Underground services will be installed, owned, operated and maintained as provided in Section 6 of these Rules and Regulations.

4. Replacement of Overhead with Underground Distribution Facilities

- a. Where a Customer has requested that existing overhead distribution facilities be replaced with underground distribution facilities, the total cost of such replacement will be paid by the Customer.

5. Conversion from Single-Phase to Three-Phase Service

Where it is necessary to convert all or any portion of an existing underground distribution system from single-phase to three-phase service to a Customer, the total cost of such conversion will be paid by the Customer.

6. Long Term Rental Mobile Home Park, Townhouses, Condominiums and Apartment Complexes

Line extensions to long term rental mobile home parks, townhouses, condominiums and apartment complexes will be made by the Company under terms and conditions provided in Subsection 7.C.1. The Company will, when requested by the Customer, install, own and maintain internal distribution facilities and individual metering for said development in accordance with the provisions pertaining to duly recorded real estate subdivisions as stated in Subsection 7.C.2 hereof.

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SECTION 7 LINE EXTENSIONS (continued)

7. Special Conditions

a. Prior to Improvement

Each subdivider or other Applicant for service requesting an extension in advance of applications for service to permanent Customers, or in advance of completion of required site improvements will (unless otherwise agreed to by the Company and the Applicant) be required to execute contracts covering the terms under which the Company will install lines at the Applicant's expense in accordance with the provisions of these Rules and Regulations or of the applicable rate schedules.

b. Primary Service and Metering

The Company will provide primary service to a point of delivery, such point of delivery to be determined by the Company. The Customer will provide the entire distribution system (including transformers) from the point of delivery to the load. The system will be treated as primary service for the purposes of billing. The Company reserves the right to approve or require modification to the Customer's distribution system prior to installation, and the Company will determine the voltage available for primary service. Instrument transformers, metering riser poles and associated equipment to be installed and maintained by the Company will be at the Customer's expense.

c. Advances under Previous Rules and Contracts

Amounts advanced under the conditions established by a rule previously in effect will be refunded in accordance with the requirements of such contract under which the advance was made.

d. Extensions for Temporary Service

Extensions for temporary service or for operations of a speculative character or questionable permanency will be charged the applicable line extension charges as set forth in the Statement of Additional Charges.

e. Exceptional Cases

Where unusual terrain, location, soil conditions, or other unusual circumstances make the application of these line extension rules impractical or unjust to either party or in the case of extension of lines of other than standard distribution voltage, service under such circumstances will be negotiated under special agreements specifying terms and conditions covering such extensions.

f. Special or Excess Facilities

Under this rule, the Company will install only those facilities which it deems are necessary to render service in accordance with the rate schedules. Where the Customer requests facilities which are in addition to, or in substitution for, the standard facilities which the Company normally would install, the extra cost thereof will be paid by the Customer.

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SECTION 7 LINE EXTENSIONS (continued)

g. Unusual Loads

Line extensions to unusually small loads not consisting of a residence or permanent building (e.g. individual lights, wells, signs, etc.) will be charged the applicable line extension charges as set forth in the Statement of Additional Charges.

D. Construction / Facilities Related Income Taxes

Any federal, state or local income taxes resulting from the receipt of a contribution in aid of construction in compliance with this rule is the responsibility of the Company and will be recorded as a deferred tax asset and reflected in the Company's rate base.

However, if the estimated cost of facilities for any line extension exceeds \$500,000, the Company shall require the Applicant to include in the contribution an amount (the "gross up amount") equal to the estimated federal, state or local income tax liability of the Company resulting from the contribution, computed as follows:

$$\text{Gross Up Amount} = \frac{\text{Estimated Construction Cost}}{(1 - \text{Combined Federal-State-Local Income Tax Rate})}$$

After the Company's tax returns are completed, and actual tax liability is known, to the extent that the computed gross up amount exceeds the actual tax liability resulting from the contribution, the Company shall refund to the Applicant an amount equal to such excess, or collect the additional amount from the Applicant. When a gross-up amount is to be obtained in connection with an extension agreement, the contract will state the tax rate used to compute the gross up amount, and will also disclose the gross-up amount separately from the estimated cost of facilities. In subsequent years, as tax depreciation deductions are taken by the Company on its tax returns for the constructed assets with tax bases that have been grossed-up, a refund will be made to the Applicant in an amount equal to the related tax benefit. In lieu of scheduling such refunds over the remaining tax life of the constructed assets, a reduced lump sum refund may be made at the end of five (5) years at the election of either the Company or the Applicant. This lump sum payment shall reflect the net present value of remaining tax depreciation deductions discounted at the Company's authorized rate of return.

E. Transition Period for Elimination of Free Footage

From the effective date of these Rules and Regulations, there is a six (6) month grace period for Customers, developers and subdividers to execute a line extension agreement or receive approval on a new service application from the Company in order to be eligible for the line extension policy in effect between March 14, 2000 and _____. Those new applicants must make provisions for the Company to install and energize the extension and service facilities within eighteen (18) months from the date of their respective agreement and/or application. In addition, all existing approved line extension agreements and service applications will be grandfathered in under the policy in effect from March 14, 2000 to _____. Grandfathered Customers must make provisions for the Company to install and energize the extension and service facilities within eighteen (18) months from the effective date of these Rules and Regulations or they will be subject to the new line extension policy.

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SECTION 8 PROVISION OF SERVICE

A. Company Responsibility

1. The Company will be responsible for the safe transmission and distribution of electricity until it passes the point of delivery to the Customer.
2. The Company will be responsible for maintaining in safe operating condition all meters, equipment and fixtures installed on the Customer's premises by the Company for the purpose of delivering electric service to the Customer. The Company, however, will not be responsible for the condition of meters, equipment, and fixtures damaged or altered by the Customer.
3. The Company may, at its option, refuse service until the Customer has obtained all required permits and/or inspections indicating that the Customer's facilities comply with local construction and safety standards, including any applicable Company specifications.

B. Customer Responsibility

1. Each Customer will be responsible for maintaining in safe operating condition all Customer facilities on the Customer's side of the point of delivery.
2. Each Customer will be responsible for safeguarding all Company property installed in or on the Customer's premises for the purpose of supplying utility service to that Customer.
3. Each Customer will exercise all reasonable care to prevent loss or damage to Company property, excluding ordinary wear and tear. The Customer will be responsible for loss of, or damage to, Company property on the Customer's premises arising from neglect, carelessness, misuse, diversion or tampering and will reimburse the Company for the cost of necessary repairs or replacements.
4. Each Customer, regardless of who owns the meter, will be responsible for payment for any equipment damage and/or estimated unmetered usage and all reasonable costs of investigation resulting from unauthorized breaking of seals, interfering, tampering or bypassing the utility meter.
5. Each Customer will be responsible for notifying the Company of any equipment failure identified in the Company's equipment.

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SECTION 8 PROVISION OF SERVICE (continued)

6. Each Customer will be responsible for informing the Company of, and meeting the Company's requirements regarding, on-site Generation that the Customer or its agent intends to interconnect to the Company's transmission and distribution system.
7. The Customer, at his expense, may install, maintain and operate check-measuring equipment as desired and of a type approved by the Company, provided that such equipment will be installed so as not to interfere with operation of the Company's equipment, and provided that no electric energy will be re-metered or sub-metered for resale to another or to others, except where such remetering will be done in accordance with the applicable orders of the Commission.

C. Continuity of Service

The Company will make reasonable efforts to supply a satisfactory and continuous level of service. However, the Company will not be responsible for any damage or claim of damage attributable to any interruption or discontinuation of service resulting from:

1. Any cause against which the Company could not have reasonably foreseen or made provision for (*i.e.*, force majeure);
2. Intentional service interruptions to make repairs or perform routine maintenance; or
3. Curtailment, including brownouts or blackouts.

D. Service Interruptions

1. The Company will make reasonable efforts to reestablish service within the shortest possible time when service interruptions occur.
2. When the Company plans to interrupt service for more than four (4) hours to perform necessary repairs or maintenance, the Company will attempt to inform affected Customers at least twenty-four (24) hours in advance of the scheduled date, and these repairs will be completed in the shortest possible time to minimize the inconvenience to the Customers of the Company.
3. In the event of a national emergency or local disaster resulting in disruption of normal service, the Company may, in the public interest, interrupt service to other Customers to provide necessary service to civil defense or other emergency service agencies on a temporary basis until normal service to these agencies can be restored.

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SECTION 8 PROVISION OF SERVICE (continued)

4. The Commission will be notified of interruption in service affecting the entire system or any major division thereof. The interruption of service and cause will be reported by telephone to the Commission within four (4) hours after the responsible representative of the Company becomes aware of said interruption. A written report to the Commission will follow.

E. Interruption of Service and Force Majeure

1. The Company will make reasonable provision to supply a satisfactory and continuous electric service, but does not guarantee a constant or uninterrupted supply of electricity. The Company will not be liable for any damage or claim of damage attributable to any temporary, partial or complete interruption or discontinuance of electric service attributable to a force majeure condition as set forth at Subsections 8.E.4. and 8.E.5. or to any other cause which the Company could not have reasonably foreseen and made provision against, or which, in the Company's judgment, is necessary to permit repairs or changes to be made in the Company's electric generating, transmission or distribution equipment or to eliminate the possibility of damage to the Company's property or to the person or property of others.
2. Whenever the Company deems that a condition exists to warrant interruption or limitation in the service being rendered, this interruption or limitation will not constitute a breach of contract and will not render the Company liable for damages suffered thereby or excuse the Customer from further fulfillment of the contract.
3. The use of electric energy upon the premises of the Customer is at the risk of the Customer. The Company's liability will cease at the point where its facilities are connected to the Customer's wiring.
4. Neither the Company nor the Customer will be liable to the other for any act, omission or circumstances (including, with respect to the Company, but not limited to, inability to provide service) occasioned by or in consequence of the following:
 - a. flood, rain, wind, storm, lightning, earthquake, fire, landslide, washout or other acts of the elements;
 - b. accident or explosion;
 - c. war, rebellion, civil disturbance, mobs, riot, blockade or other act of the public enemy;
 - d. acts of God;
 - e. interference of civil and/or military authorities;
 - f. strikes, lockouts or other labor difficulties;
 - g. vandalism, sabotage or malicious mischief;

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SECTION 8 PROVISION OF SERVICE (continued)

- h. usurpation of power, or the laws, rules, regulations or orders made or adopted by any regulatory or other governmental agency or body (federal, state or local) having jurisdiction of any of the business or affairs of the Company or the Customer, direct or indirect;
 - i. breakage or accidents to equipment or facilities;
 - j. lack, limitation or loss of electrical or fuel supply; or
 - k. any other casualty or cause beyond the reasonable control of the Company or the Customer, whether or not specifically provided herein and without limitation to the types enumerated, and which by the exercise of due diligence such party is unable to prevent or overcome.
- 5. A failure to settle or prevent any strike or other controversy with employees or with anyone purporting or seeking to represent employees will not be considered to be a matter within the control of the Company.
 - 6. Nothing contained in this Section will excuse the Customer from the obligation of paying for electricity delivered or services rendered.

F. General Liability

- 1. The Company will not be responsible for any third-party claims against the Company that arise from Customer's use of the Company's electricity.
- 2. Customer will indemnify, defend and hold harmless the Company (including the costs of reasonable attorney's fees) against all claims (including, without limitation, claims for damages to any business or property, or injury to, or death of, any person) arising out of any act or omission of the Customer, or the Customer's agents, in connection with the Company's service or facilities.
- 3. The liability of the Company for damages of any nature arising from errors, mistakes, omissions, interruptions, or delays of the Company, its agents, servants, or employees, in the course of establishing, furnishing, rearranging, moving, terminating, or changing the service or facilities or equipment will not exceed an amount equal to the charges applicable under the Company's Pricing Plans (calculated on a proportionate basis where appropriate) to the period during which the error, mistake, omission, interruption or delay occurs.
- 4. In no event will the Company be liable for any incidental, indirect, special, or consequential damages (including lost revenue or profits) of any kind whatsoever regardless of the cause or foreseeability thereof.
- 5. The Company will not be responsible in an occasion for any loss or damage caused by the negligence or wrongful act of the Customer or any of his agents, employees or licensees in installing, maintaining, using, operating or interfering with any electric facilities.

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SECTION 8 PROVISION OF SERVICE (continued)

G. Construction Standards and Safety

The Company will construct all facilities in accordance with the provision of the ANSI C2 Standards (National Electric Safety Code, 1997 edition, and other amended editions as are adopted by the Commission), the 1995 ANSI B.31.1 Standards, the ASME Boiler and Pressure Vessel Code, and other applicable American National Standards Institute Codes and Standards, except for such changes as may be made or permitted by the Commission from time to time. In the case of conflict between codes and standards, the more rigid code or standard will apply.

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SECTION 9

CHARACTER OF SERVICE - VOLTAGE, FREQUENCY AND PHASE

- A. Electric energy furnished under these Rules and Regulations will be alternating current, sixty (60) hertz single or three-phase, at the standard, nominal voltages specified by the Company. The following nominal voltages are available on the Company's system:
1. Residential Customers: 120/240 volts single-phase
 2. General Service or Light and Power Customers:
 - a. Single-Phase: 120/240 volts (all areas)
 - b. Three-Phase:
 - 1) 120/240 volts 4 wire delta (from overhead system only)*
 - 2) 240/480 volts 4 wire delta (from overhead system only)*
 - 3) 120/208 volts 4 wire wye
 - 4) 277/480 volts 4 wire wye
- * This may be available in some existing underground areas.
- B. The primary voltage supplied will depend on the Customer's load and the system voltage available at that location; it will be specified by the Company. Normally, this will be one of the following nominal distribution or sub-transmission voltages: 7970/13800 volts 4 wire wye, or 46,000 volts 3 wire delta. The actual standard nominal voltages available to a specific Customer will depend on location, load, and type of system in the area and will be specified by the Company.
- C. A Customer must meet certain minimum load requirements in order to qualify for three-phase service under Section 7.
- D. The Company does not guarantee the constancy of its voltage or frequency, nor does it guarantee against its loss of one or more phases in a three-phase service. The Company will not be responsible for any damage to the Customer's equipment caused by any or all of these occurrences brought about by circumstances beyond its control.

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SECTION 9

CHARACTER OF SERVICE - VOLTAGE, FREQUENCY AND PHASE (continued)

E. Motor Protection

The following protective apparatus, to be provided by the Customer, is required on all motor installations:

1. No-Voltage Protection: Motors that cannot be safely subjected to full voltage at starting must be provided with a device to insure that upon failure of voltage, the motors will be disconnected from the line. Said device should be provided with a suitable time delay relay.
2. Overload Protection: All motors whose voltage does not exceed 750 volts are to be provided with approved fuses of proper rating. Where the voltage exceeds 750 volts, protective devices are to be provided. In these cases it will be found desirable to install standard switching equipment. The installation of overload relays and no-voltage releases is recommended on all motors, not only as additional protection, but as a means of reducing the cost of refusing.
3. Phase Reversal: Reverse phase relays and circuit breakers or equivalent devices are recommended on all polyphase installations to protect the installation in case of phase reversal or loss of one phase

F. Load Fluctuation and Balance

1. Interference with Service: The Company reserves the right to refuse to supply loads of a character that may seriously impair service to any other Customers. In the case of hoist or elevator motors, welding machines, furnaces and other installations of like character where the use of electricity is intermittent or subject to violent fluctuations, the Company may require the Customer to provide at the Customer's own expense suitable equipment to reasonably limit those fluctuations.
2. The Company has the right to discontinue electric service to any Customer who continues to use appliances or other devices, equipment and apparatus detrimental to the service after the Company notifies the Customer of his or her causing detriment to the service.
3. Allowable Instantaneous Starting Current Values: The instantaneous starting current (determined by tests or based on limits guaranteed by manufacturers) drawn from the line by any motor must not exceed a value (as determined by the Company) that may be deemed detrimental to the normal operation of the system. If the starting current of the motor exceeds that value, a starter must be used or other means employed to limit the current to the value specified. A reduced voltage starter may be required for polyphase motors.
4. When three-phase service supplied under a power rate includes incidental lighting, the Customer will supply any necessary lighting transformers and arrange its lighting to give a substantially balanced three-phase load.

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SECTION 9

CHARACTER OF SERVICE – VOLTAGE, FREQUENCY AND PHASE

(continued)

G. Customer Responsibility for Equipment Used in Receiving Electric Energy

No statement or requirement in these Rules and Regulations can be construed as the assumption of any liability by the Company for any wiring of electrical equipment or the operation of same, installed in, upon, or about the Customer's premises, nor will the Company be responsible for any loss or damage occasioned or caused by the negligence, want of proper care or wrongful act of the Customer, or any of the Customer's agents or employees or licenses on the part of the Customer in installing, maintaining, using, operating, or interfering with any such wiring, machinery or apparatus.

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SECTION 10 METER READING

A. Company or Customer Meter Reading

1. The Company may, at its discretion, allow for Customer reading of meters.
2. It will be the responsibility of the Company to inform the Customer how to properly read his or her meter.
3. Where a Customer reads his or her own meter, the Company will read the Customer's meter at least once every six (6) months.
4. The Company will provide the Customer with postage-paid cards or other methods to report the monthly reading to the Company.
5. The Company will specify the timing requirements for the Customer to submit his or her monthly meter reading to conform to the Company's billing cycle.
6. In the event the Customer fails to submit the reading on time, the Company may issue the Customer an estimated bill.
7. Meters will be read monthly on as close to the same day as practical.

B. Measuring of Service

1. All energy sold to Customers and all energy consumed by the Company, except that sold according to fixed charge schedules, will be measured by commercially acceptable measuring devices owned and maintained by the Company. This Subsection will not apply where it is impractical to install meters, such as street lighting or security lighting, or where otherwise authorized by the Commission.
2. When there is more than one meter at a location, the metering equipment will be so tagged or plainly marked as to indicate the circuit metered or metering equipment in accordance with Subsection 3.C.8.
3. Meters which are not direct reading will have the multiplier plainly marked on the meter.
4. All charts taken from recording meters will be marked with the date of the record, the meter number, Customer, and chart multiplier.
5. Metering equipment will not be set "fast" or "slow" to compensate for supply transformer or line losses.

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SECTION 10 METER READING (continued)

C. Customer Requested Rereads

1. The Company will, at the request of a Customer, reread that Customer's meter within ten (10) business days after the request by the Customer.
2. Any reread may be charged to the Customer at a rate set forth in the Statement of Additional Charges, if the original reading was not in error.
3. When a reading is found to be in error, the Company will not charge the Customer for the reread.

D. Access to Customer Premises

At all times, the Company will have the right of safe ingress to and egress from the Customer's premises at all reasonable hours for any purpose reasonably connected with the Company's property used in furnishing service and the exercise of any and all rights secured to it by law or these rules.

E. Meter Testing and Maintenance Program

1. The Company will replace any meter found to be damaged or associated with an inquiry into its accuracy, whether initiated by the Customer or Company, and which has been in service for more than sixteen (16) years. Replaced meters will be tested for accuracy and will be acceptable if found to have an error margin within plus or minus three percent ($\pm 3\%$).
2. The Company will file an annual report with the Commission summarizing the results of the meter maintenance and testing program for that year. At a minimum, the report should include the following data:
 - a. Total number of meters tested at Company initiative or upon Customer request; and
 - b. Number of meters tested which were outside the acceptable error allowance of $\pm 3\%$.

F. Customer Requested Meter Tests

The Company will test a meter upon Customer request and the Company will be authorized to charge the Customer for the meter test. The charge for the meter test is set forth in the Statement of Additional Charges. However, if the meter is found to be in error by more than three percent (3%), then no meter testing fee will be charged to the Customer.

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SECTION 10 METER READING (continued)

G. Demands

1. The Customer's demand may be measured by a demand meter, under all rate schedules involving billings based on demand, unless appropriate investigation or tests indicate that the Customer's demand will not be such as to require a demand meter for correct application of the rate schedule. In cases where billings under a rate schedule requiring determination of the Customer's demand must be made before a demand meter can be installed, such billings may be made on an estimated demand basis pending installation of the demand meter; provided, however, that billings made on the basis of estimated demands will be appropriately adjusted, if indicated to be greater or less than the actual demands recorded after the demand meter is installed.
2. Demand meters may be installed at any metering location if the nature of the Customer's equipment and operation is such as to indicate that a demand meter is required for correct application of the rate schedule.
3. All demands used for billing purposes will be recorded, or computed to the nearest whole kW.

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SECTION 11 BILLING AND COLLECTION

A. Frequency and Estimated Bills

1. The Company will bill monthly for services rendered. Meter readings will be scheduled for periods of not less than twenty-five (25) days or more than thirty-five (35) days.
2. If the Company is unable to read the meter on the scheduled meter read date, the Company will estimate the consumption for the billing period giving consideration to the following factors where applicable:
 - a. The Customer's usage during the same month of the previous year.
 - b. The amount of usage during the preceding month.
3. After the second consecutive month of estimating the Customer's bill for reasons other than severe weather, the Company will attempt to secure an accurate reading of the meter.
4. Failure on the part of the Customer to comply with a reasonable request by the Company for access to its meter may lead to the discontinuance of service.
5. Estimated bills will be issued only under the following conditions:
 - a. Failure of a Customer who read his own meter to deliver his meter reading card to the Company, in accordance with the requirements of the Company billing cycle.
 - b. Severe weather conditions, emergencies or work stoppages that prevent the Company from reading the meter.
 - c. Circumstances that make it dangerous or impossible to read the meter, including locked gates, blocked meters, vicious or dangerous animals, or any force majeure condition as listed in Subsections 8.E.4 and 8.E.5.
6. Each bill based on estimated usage will indicate that it is an estimated bill.

B. Combining Meters, Minimum Bill Information

1. Each meter at a Customer's premises will be considered separately for billing purposes, and the readings of two (2) or more meters will not be combined unless otherwise provided for in the Company's Pricing Plans.

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SECTION 11 BILLING AND COLLECTION (continued)

2. Each bill for residential service will contain the following minimum information:
 - a. Date and meter reading at the start of billing period or number of days in the billing period;
 - b. Date and meter reading at the end of the billing period;
 - c. Billed usage and demand (if applicable);
 - d. Rate schedule number;
 - e. Company telephone number;
 - f. Customer's name;
 - g. Service account number;
 - h. Amount due and due date;
 - i. Past due amount;
 - j. Adjustment clause costs, where applicable;
 - k. All applicable taxes; and
 - l. The address for the Arizona Corporation Commission.
- C. Billing Terms
1. All bills for the Company's services are due and payable no later than ten (10) days from the date the bill is rendered. Any payment not received within this time frame will be considered past due.
 2. For purposes of this rule, the date a bill is rendered may be evidenced by:
 - a. The postmark date;
 - b. The mailing date; or
 - c. The billing date shown on the bill. However, the billing date will not differ from the postmark or mailing date by more than two (2) days.

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SECTION 11 BILLING AND COLLECTION (continued)

3. All past due bills for the Company's services are due and payable within fifteen (15) days. Any payment not received within this time frame will be considered delinquent and will incur a late payment finance charge.
4. All delinquent bills for which payment has not been received within five (5) days will be subject to the provisions of the Company's termination procedures.
5. All payments of current amounts may be made at or mailed to the office of the Company or to the Company's duly authorized representative.

D. Applicable Pricing Plans, Time-of-Use Meters, Prepayment, Failure to Receive, Commencement Date, Taxes

1. Each Customer will be billed under the applicable Pricing Plan indicated in the Customer's application for service.
2. For a Customer taking service under a TEP Time-of-Use ("TOU") rate schedule, TEP may charge a fee based on the incremental cost of a TOU meter versus a non-TOU meter.
3. Customers may pay for electrical service by making advance payments.
4. Failure to receive bills or notices which have been properly placed in the United States mail will not prevent those bills from becoming delinquent nor relieve the Customer of his obligations therein.
5. Charges for service commence when the service is installed and connection made, whether used or not.

E. Billing and Meter Error Corrections

1. If, after testing, any meter is found to be more than three percent (3%) in error, either fast or slow, proper correction between three percent (3%) and the amount of the error will be made to previous readings and adjusted bills will be rendered according to the following terms:
 - a. For the period of three (3) months immediately preceding the removal of such meter from service for test or from the time the meter was in service since last tested, but not exceeding three (3) months since the meter will have been shown to be in error by such test.
 - b. From the date the error occurred, if the date of the cause can be definitely fixed.
2. No adjustment will be made by the Company except to the Customer last served by the meter tested.

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SECTION 11 BILLING AND COLLECTION (continued)

F. Non-sufficient Funds ("NSF") Checks

1. The Company will be allowed to recover a fee, as set forth in the Statement of Additional Charges, for each instance where a Customer tenders payment for electric service with a non-sufficient funds check. This fee will also apply when an electronic funds transfer ("EFT") is denied for any reason, including for lack of sufficient funds.
2. When the Company is notified by the Customer's bank or other financial institution that there are non-sufficient funds to cover the check, EFT or other financial instrument for electric service has been denied for any reason, the Company may require the Customer to make payment in cash, by money order, certified check, or other means which guarantee the Customer's payment to the Company.
3. A Customer who tenders a non-sufficient funds check, or for whom an EFT or other financial instrument has been denied will not be relieved of the obligation to render payment to the Company under the original terms of the bill nor defer the Company's provision for termination of service for nonpayment of bills.
4. No checks will be accepted if two (2) NSF checks have been received by the Company within a twelve-month period in payment of any billing.

G. Levelized Billing Plan

1. The Company may, at its option, offer its Customers a levelized billing plan.
2. If the Company offers a levelized billing plan, the Company will then develop upon Customer request an estimate of the Customer's levelized billing for a twelve-month period based upon:
 - a. Customer's actual consumption history, which may be adjusted for abnormal conditions such as weather variations.
 - b. For new Customers, the Company will estimate consumption based on the Customer's anticipated load requirements.
 - c. The Company's Pricing Plan approved by the Commission applicable to that Customer's class of service.
3. The Company will provide the Customer a concise explanation of how the levelized billing estimate was developed, the impact of levelized billing on a Customer's monthly electric bill, and the Company's right to adjust the Customer's billing for any variation between the Company's estimated billing and actual billing.

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SECTION 11 BILLING AND COLLECTION (continued)

4. For those Customers being billed under a levelized billing plan, the Company will show, at a minimum, the following information on the Customer's monthly bill:
 - a. Actual consumption;
 - b. Amount due for actual consumption;
 - c. Levelized billing amount due; and
 - d. Accumulated variation in actual versus levelized billing amount.
5. The Company may adjust the Customer's levelized billing in the event the Company's estimate of the Customer's usage and/or cost should vary significantly from the Customer's actual usage and/or cost. This review to adjust the amount of the levelized billing may be initiated by the Company or Customer.

H. Deferred Payment Plan

1. The Company may, prior to termination, offer to qualifying residential Customers a deferred payment plan for the Customer to retire unpaid bills for electric service.
2. Each deferred payment agreement entered into by the Company and the Customer, due to the Customer's inability to pay an outstanding bill in full, will provide that service will not be discontinued if:
 - a. Customer agrees to pay a reasonable amount of the outstanding bill at the time the parties enter into the deferred payment agreement.
 - b. Customer agrees to pay all future bills for electric service in accordance with the Company's Pricing Plans.
 - c. Customer agrees to pay a reasonable portion of the remaining outstanding balance in installments over a period not to exceed six (6) months.

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SECTION 11 BILLING AND COLLECTION (continued)

3. For the purpose of determining a reasonable installment payment schedule under these rules, the Company and the Customer will give consideration to the following conditions:
 - a. Size of the delinquent account;
 - b. Customer's ability to pay;
 - c. Customer's payment history;
 - d. Length of time the debt has been outstanding;
 - e. Circumstances which resulted in the debt being outstanding; and
 - f. Any other relevant factors related to the circumstances of the Customer.
4. Any Customer who desires to enter into a deferred payment agreement must do so before the Company's scheduled termination date for nonpayment of bills. The Customer's failure to execute a deferred payment agreement prior to the scheduled service termination date will not prevent the Company from terminating service for nonpayment.
5. Deferred payment agreements may be in writing and may be signed by the Customer and an authorized Company representative.
6. A deferred payment agreement may include a finance charge in an amount equal to the Company's actual or average cost of providing such arrangements.
7. If a Customer has not fulfilled the terms of a deferred payment agreement, the Company has the right to disconnect service pursuant to the Company's Termination of Service Rules in Section 12 and, under these circumstances, it will not be required to offer subsequent negotiation of a deferred payment agreement prior to disconnection.

I. Change of Occupancy

1. The Customer must give the Company at least three (3) business days advance notice in writing or by telephone, to discontinue service or to change occupancy.
2. The outgoing Customer will be responsible for all electric services provided and/or consumed up to the scheduled turn-off date.
3. The outgoing Customer is responsible for providing access to the meter so that the Company may obtain a final meter reading.

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SECTION 11 BILLING AND COLLECTION (continued)

J. Electronic Billing

1. Electronic Billing is an optional billing service whereby Customers may elect to receive, view and pay their bills electronically. The Company may modify its Electronic Billing services from time to time. A Customer electing an electronic billing service may receive an electronic bill in lieu of a paper bill.
2. Customers electing an electronic billing service may be required to complete additional forms and agreements.
3. Electronic Billing may be discontinued at any time by Company or the Customer.
4. An Electronic Bill will be considered rendered at the time it is electronically sent to the Customer. Failure to receive bills or notices that have been properly sent by an Electronic Billing system does not prevent these bills from becoming delinquent and does not relieve the Customer of the Customer's obligations therein.
5. Any notices that the Company is required to send to the Customer who has elected an Electronic Billing service may be sent by electronic means at the option of the Company.
6. Except as otherwise provided in this subsection, all other provisions of the Company's Rules and Regulations and other applicable Pricing Plans are applicable to Electronic Billing.
7. The Customer must provide the Company with a current email address for electronic bill delivery. If the electronic bill is electronically sent to the Customer at the email address that the Customer provided to the Company, then the Electronic Bill will be considered properly sent. Further, the Customer will be responsible for updating the company with any changes to this email address. Failure to do so will not excuse the Customer from timely paying the Company for electric service.

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SECTION 12 TERMINATION OF SERVICE

A. Non-permissible Reasons to Disconnect Service

1. The Company will not disconnect service for any of the reasons stated below:
 - a. Delinquency in payment for services rendered to a prior Customer at the premises where service is being provided, except in the instance where the prior Customer continues to reside on the premises;
 - b. Failure of the Customer to pay for services or equipment which are not regulated by the Commission;
 - c. Nonpayment of a bill related to another class of service;
 - d. Failure to pay for a bill to correct a previous underbilling due to an inaccurate meter or meter failure if the Customer agrees to pay over a reasonable period of time;
 - e. Failure to pay the bill of another Customer as guarantor thereof; or
 - f. Disputed bills where the Customer has complied with the ACC's rules on Customer bill disputes.
2. The Company will not terminate residential service for any of the reasons stated below:
 - a. The Customer can establish through medical documentation that, in the opinion of a licensed medical physician, termination would be especially dangerous to the health of a Customer or permanent resident residing on the Customer's premises;
 - b. Life supporting equipment used in the home that is dependent on electric service for operation of this equipment; or
 - c. Where weather will be especially dangerous to health as defined herein or as determined by the Commission.
3. Residential service to ill, elderly, or handicapped persons who have an inability to pay will not be terminated until all of the following have been attempted:
 - a. The Customer has been informed of the availability of funds from various government and social assistance agencies of which the Company is aware; and
 - b. A third party previously designated by the Customer has been notified and has not made arrangements to pay the outstanding electric bill.
4. A Customer utilizing the provisions of Subsections 12.A.2. or 12.A.3. above may be required to enter into a deferred payment agreement with the Company within ten (10) days after the scheduled termination date.

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SECTION 12 **TERMINATION OF SERVICE** (continued)

B. Termination of Service Without Notice

1. Electric service may be disconnected without advance written notice under the following conditions:
 - a. The existence of an obvious safety or health hazard to the consumer, the general population or the Company's personnel or facilities;
 - b. The Company has evidence of meter tampering or fraud; or
 - c. Failure of a Customer to comply with the curtailment procedures imposed by the Company during supply shortages.
2. The Company will not be required to restore service until the conditions that led to the termination have been corrected to the satisfaction of the Company.
3. The Company will maintain a record of all terminations of service without notice for a minimum of one (1) year and will be available for inspection by the Commission.

C. Termination of Service With Notice

1. The Company may disconnect service to any Customer for any reason stated below provided that the Company has met the notice requirements described in Subsection 12.E. below:
 - a. Customer violation of any of the Company's Pricing Plans;
 - b. Failure of the Customer to pay a delinquent bill for electric service;
 - c. Failure of the Customer to meet agreed-upon deferred payment arrangements;
 - d. Failure to meet or maintain the Company's deposit requirements;
 - e. Failure of the Customer to provide the Company reasonable access to its equipment and property;
 - f. NSF Checks or denied EFTs;
 - g. Customer breach of a written contract for service between the Company and Customer;
 - h. When necessary for the Company to comply with an order of any governmental agency having such jurisdiction;

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SECTION 12 TERMINATION OF SERVICE (continued)

- i. When a hazard exists that is not imminent, but in the Company's opinion, may cause property damage; or
 - j. Customer facilities that do not comply with Company requirements or specifications.
 - 2. The Company will maintain a record of all terminations of service with notice for one (1) year and be available for Commission inspection.
- D. The Company will not be obligated to renotify the Customer of the termination of service, even if the Customer – after receiving the required termination of service notification – has made payment, yet the payment is returned within three (3) to five (5) business days of receipt for any reason. The original notification will apply.
- E. Termination Notice Requirements
- 1. The Company will not terminate service to any of its Customers without providing advance written notice to the Customer of the Company's intent to disconnect service, except under those conditions specified in Subsection 12.B. where advance written notice is not required.
 - 2. This advance written notice will contain, at a minimum, the following information:
 - a. The name of the person whose service is to be terminated and the address where service is being rendered.
 - b. The Company's Pricing Plan that was violated and explanation of the violation or the amount of the bill that the Customer has failed to pay in accordance with the payment policy of the Company, if applicable.
 - c. The date on or after which service may be terminated.
 - d. A statement advising the Customer to contact the Company at a specific address or phone number for information regarding any deferred payment or other procedures that the Company may offer or to work out some other mutually agreeable solution to avoid termination of the Customer's service.
 - e. A statement advising the Customer the Company's stated reason(s) for the termination of services may be disputed by contacting the Company at a specific address or phone number, advising the Company of the dispute and making arrangements to discuss the cause for termination with a responsible employee of the Company in advance of the scheduled date of termination. The responsible employee will be empowered to resolve the dispute and the Company will retain the option to terminate service after affording this opportunity for a meeting and concluding that the reasons for termination is just and advising the Customer of his right to file a complaint with the Commission.
 - 3. Where applicable, a copy of the termination notice will be simultaneously forwarded to designated third parties.

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SECTION 12 TERMINATION OF SERVICE (continued)

F. Timing of Terminations With Notice

1. The Company will give at least a five (5) day advance written notice prior to the termination date.
2. This notice will be considered to be given to the Customer when a copy of the notice is left with the Customer or posted first class in the United States mail, addressed to the Customer's last known address.
3. If, after the period of time allowed by the notice has elapsed and the delinquent account has not been paid nor arrangements made with the Company for payment of the bill – or in the case of a violation of the Company's rules the Customer has not satisfied the Company that this violation has ceased – then the Company may terminate service on or after the day specified in the notice without giving further notice.
4. The Company will have the right (but not the obligation) to remove any or all of its property installed on the Customer's premises upon the termination of service. Upon the termination of service the Company may, without liability for injury or damage, dismantle and remove its line extension facilities within two (2) years after termination of service. The Company will give the Customer thirty (30) days written notice before removing its facilities should the Company decide to do so, or else waive any reestablishment charge within the next one (1) year for the same service to the same Customer at the same location.

G. Landlord/Tenant Rule

1. In situations where service is rendered at an address different from the mailing address of the bill or where the Company knows that a landlord/tenant relationship exists and the landlord is the Customer of the Company, and where the landlord as a Customer would otherwise be subject to disconnection of service, the Company may not disconnect service until the following actions have been taken:
 - a. Where it is feasible to so provide service, the Company, after providing notice as required in these rules, will offer the occupant the opportunity to subscribe for service in his or her own name. If the occupant then declines to so subscribe, the Company may disconnect service pursuant to the rules.
 - b. The Company will not attempt to recover from a tenant, or condition service to a tenant, upon the prepayment of any outstanding bills or other charges due upon the outstanding account of the landlord.

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SECTION 13 RECONNECTION OF SERVICE

When service has been discontinued for any of the reasons set forth in these Rules and Regulations, the Company will not be required to restore service until the following conditions have been met by the Customer:

A. Where service was discontinued without notice:

1. The hazardous condition must be removed and the installation will conform to accepted standards.
2. All bills for service and/or applicable investigative costs due the Company by reason of fraudulent or unauthorized use, diversion or tampering must be paid and a deposit to guarantee the payment of future bills may be required.
3. Required arrangements for service must be made.

B. Where service was discontinued with notice:

1. The Customer must make arrangements for the payment of all bills and these arrangements must be satisfactory to the Company.
2. The Customer must furnish a satisfactory guarantee to pay all future bills.
3. The Customer must correct any and all violations of these Rules and Regulations.

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SECTION 14 ADMINISTRATIVE AND HEARING REQUIREMENTS

A. Customer Service Complaints

1. The Company will make a full and prompt investigation of all service complaints made by its Customers, either directly or through the Commission.
2. The Company will respond to the complainant and/or the Commission representative within five (5) business days as to the status of the Company's investigation.
3. The Company will notify the complainant and/or the Commission representative of the final disposition of each complaint. Upon request of the complainant or the Commission representative, the Company will report the findings of its investigation in writing.
4. The Company will inform the Customer of his right of appeal to the Commission.
5. The Company will keep a record of all written service complaints received that must contain, at a minimum, the following data:
 - a. Name and address of complainant;
 - b. Date and nature of the complaint;
 - c. Disposition of the complaint; and
 - d. A copy of any correspondence between the Company, the Customer, and/or the Commission.
6. This record will be maintained for a minimum period of one (1) year and will be available for inspection by the Commission

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SECTION 14 ADMINISTRATIVE AND HEARING REQUIREMENTS (continued)

B. Customer Bill Disputes

1. Any utility Customer who disputes a portion of a bill rendered for electric service must pay the undisputed portion of the bill and notify the Company's designated representative that any unpaid amount is in dispute prior to the delinquent date of the bill.
2. Upon receipt of the Customer notice of dispute, the Company will:
 - a. Notify the Customer within five (5) business days of the receipt of a written dispute notice.
 - b. Initiate a prompt investigation as to the source of the dispute.
 - c. Withhold disconnection of service until the investigation is completed and the Customer is informed of the results.
 - d. Upon request of the Customer, the Company will report the results of the investigation in writing.
 - e. Inform the Customer of his right of appeal to the Commission.
3. Once the Customer has received the results of the Company's investigation, the Customer will submit payment within five (5) business days to the Company for any disputed amounts. Failure to make full payment may be grounds for termination of service.
4. The Company will inform the Customer of his right of appeal to the Commission.

C. Commission resolution of service and bill disputes

1. In the event the Customer and the Company cannot resolve a service or bill dispute the customer must file a written statement of dissatisfaction with the Commission; by submitting this statement to the Commission, the Customer will be deemed to have filed an informal complaint against the Company.
2. Within 30 days of the receipt of a written statement of customer dissatisfaction related to a service or bill dispute, a designated representative of the Commission will endeavor to resolve the dispute by correspondence or telephone with the Company and the Customer. If resolution of the dispute is not achieved within 20 days of the Commission representative's initial effort, the Commission will hold an informal meeting to arbitrate the resolution of the dispute. This informal meeting will be governed by the following rules:
 - a. Each party may be represented by legal counsel, if desired.
 - b. All informal meetings may be recorded or held in the presence of a stenographer.

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SECTION 14 ADMINISTRATIVE AND HEARING REQUIREMENTS (continued)

- c. All parties will have the opportunity to present written or oral evidentiary material to support the positions of the individual parties.
 - d. All parties and the Commission's representative will be given the opportunity to cross-examine the various parties.
 - e. The Commission's representative will render a written decision to all parties within five business days after the date of the informal meeting. This written decision of the arbitrator is not binding on any of the parties and the parties may still make a formal complaint to the Commission.
- 3. The Company may implement its termination procedures if the Customer fails to pay all bills rendered during the resolution of the dispute by the Commission.
 - 4. The Company will maintain a record of written statements of dissatisfaction and their resolution for a minimum of one (1) year and make these records available for Commission inspection.

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SECTION 15 **TEMPORARY SERVICE OR CYCLICAL USAGE**

- A. For electric service of a temporary nature [less than two (2) years], a Secondary Service Charge will be charged as set forth in the Statement of Additional Charges, in addition to the regular charges for service which will be billed under the applicable rate schedule. Emergency, supplementary, breakdown or other standby service is not considered temporary and is subject to the provisions of Section 16. Permanent or semi-permanent businesses whose characteristics of operation result in infrequent cyclical usage of energy (e.g., asphalt batch plants, lettuce cooling plants) will require separate contracts with the Company to assure full recovery of the Company's annual ownership cost on the total facilities installed to provide service to the Applicant.

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SECTION 16 STANDBY SERVICE

- A. Emergency, breakdown, supplementary or other standby service will be supplied by the Company at its option only under special contracts specifying the rates, terms and conditions governing such service.

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SECTION 17 POWER FACTOR

- A. The Company may require the Customer by written notice to either maintain a specified minimum lagging power factor or the Company may after thirty (30) days install power factor corrective equipment and bill the Customer for the total costs of this equipment and installation.
- B. In the case of apparatus and devices having low power factor, now in service, which may hereafter be replaced, and all similar equipment hereafter installed or replaced, served under general commercial schedules, the Company may require the Customer to provide, at the Customer's own expense, power factor corrective equipment to increase the power factor of any such devices to not less than ninety (90) percent.
- C. If the Customer installs and owns the capacitors needed to supply his reactive power requirements, then the Customer must equip them with suitable disconnecting switches, so installed that the capacitors will be disconnected from the Company's lines whenever the Customer's load is disconnected from the Company's facilities.
- D. Gaseous tube installations totaling more than one thousand (1,000) volt-amperes must be equipped with capacitors of sufficient rating to maintain a minimum of ninety percent (90%) lagging power factor.
- E. Company installation and removal of metering equipment to measure power factor will be at the discretion of the Company.

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SECTION 18 STATEMENT OF ADDITIONAL CHARGES

A.	Service Establishment and Reestablishment During Regular Business Hours - service reads only	\$13.50
B.	Service Establishment and Reestablishment under usual operating procedures During Regular Business Hours – Single-Phase Service	\$22.00
C.	Service Establishment and Reestablishment under usual operating procedures After Regular Business Hours (includes Saturday, Sundays and Holidays) – Single-Phase Service	\$51.00
D.	Service Establishment and Reestablishment under usual operating procedures During Regular Business Hours – Three-Phase Service	\$71.00
E.	Service Establishment and Reestablishment under usual operating procedures After Regular Business Hours (includes Saturdays, Sundays and Holidays) – Three-Phase Service	\$198.00
F.	Secondary Service Charge	\$640.00
G.	Line Extension Charges	
1.	Single-phase charge per foot	\$18.00
2.	Three-phase charge per foot	\$64.50
a.	Additional transformer charge for 500 kVA and under	\$6,956.00
b.	Additional transformer charge over 500 kVA	\$16,275.00
3.	Overhead feeder charge per foot	\$36.00
4.	Underground feeder charge per foot	\$51.00
a.	Additional charge per PME	\$20,500.00
H.	Meter Reread	\$13.00
I.	Meter Field Test	\$144.00

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SECTION 18 **STATEMENT OF ADDITIONAL CHARGES** (continued)

J.	NSF Check	\$10.00
K.	Late Payment Finance Charge	1.5%
L.	Interest on Customer Deposits	One-Year Treasury constant maturities rate

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RULES AND REGULATIONS

REDLINED VERSION

Tucson Electric Power Company

Rules & Regulations

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SECTION 1

APPLICABILITY OF RULES AND REGULATIONS AND DESCRIPTION OF SERVICE

- A. Tucson Electric Power Company ("Company") is an electric utility operating within portions of the state of Arizona. The Company will provide service to any person, institution or business located within its service area in accordance with the provisions of its Pricing Plans and the terms and conditions of these Rules and Regulations.
- B. All electricity delivered to any Customer is for the sole use of that Customer on that Customer's premises only. Electricity delivered by the Company will not be redelivered or resold, or the use thereof by others permitted unless otherwise expressly agreed to in writing by the Company. However, those Customers purchasing electricity for redistribution to the Customer's own tenants (only on the Customer's premises) may separately meter each tenant distribution point for the purpose of prorating the Customer's actual purchase price of electricity delivered among the various tenants on a per unit basis.
- C. These Rules and Regulations will apply to all electric service furnished by the Company to its Customers.
- D. These Rules and Regulations are part of the Company's Pricing Plans on file with, and duly approved by, the Arizona Corporation Commission. These Rules and Regulations will remain in effect until modified, amended, or deleted by order of the ACC. No employee, agent or representative of the Company is authorized to modify the Company Rules.
- E. These Rules and Regulations will be applied uniformly to all similarly situated Customers.
- F. In case of any conflict between these Rules and Regulations and the ACC's rules, these Rules and Regulations will apply.
- G. Whenever the Company and an Applicant or a Customer are unable to agree on the terms and conditions under which the Applicant or Customer is to be served, or are unable to agree on the proper interpretation of these Rules and Regulations, either party may request assistance from the Consumer Services Section of the Utilities Division of the ACC. The Applicant or Customer also has the option to file an application with the ACC for a proper order, after notice and hearing.
- H. The Company's supplying electric service to the Customer and the acceptance thereof by the Customer will be deemed to constitute an agreement by and between the Company and the Customer for delivery, acceptance of and payment for electric service under the Company's Rules and Regulations and applicable Pricing Plans.

RULES AND REGULATIONS ELECTRIC

PREFACE

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~~Upon the effective date of these Rules and Regulations, the Rules and Regulations, Electric, Tariff No. RR previously filed by the Company with the Arizona Corporation Commission and effective on March 31, 1996 and as revised September 13, 1996, shall become null and void and of no further legal effect.~~

ARTICLE NO. 1 - GENERAL

~~The Company shall furnish service under its rate schedules and these Rules and Regulations as approved from time to time by the Arizona Corporation Commission and in effect at the time. These Rules and Regulations shall govern all service except as specifically modified by the terms and conditions of the rate schedules or written contracts. Copies of currently effective Rules and Regulations are available for inspection at the office of the Company during normal business hours.~~

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SECTION 2 **DEFINITIONS**

A. In these Rules and Regulations, the following definitions will apply unless the context requires otherwise:

ARTICLE NO. 2 – DEFINITIONS

~~When used in these Rules and Regulations, unless the context otherwise requires, the following definitions shall apply. In addition, the definition of principal terms used in these Rules and Regulations shall have the same meaning as ascribed to them in the approved ACC Competition Rules, unless otherwise expressly stated herein.~~

~~1. Advance in Aid of Construction: Funds provided to the Company by the Applicant under the terms of a line extension agreement, the value of which may be refundable.~~

2.1. Applicant: A person requesting the Company to supply electric service.

3.2. Application: A request to the Company for electric service, as distinguished from an inquiry as to the availability or charges for this such service.

4.3. Arizona Corporation Commission ("ACC" or "Commission"): The regulatory authority of the State of Arizona having jurisdiction over public service corporations operating in Arizona, hereinafter referred to as the "Commission."

5.4. Billing Month: The period between any two regular readings of the Company's meters at approximately thirty (30) day intervals.

6.5. Billing Period: The time interval between two consecutive meter readings taken for billing purposes.

6. Collection Fee: The charge specified in the Company's tariffs which covers the cost of collecting utility charges at the customer's premises to avoid discontinuation of service.

7.6. Company: Tucson Electric Power Company acting through its duly authorized officers or employees within the scope of their respective duties.

8.7. Competitive Services: All aspects of retail service except those services specifically defined as "Non-competitive Services" pursuant to R14-2-1601(27) of the ACC-approved Competition Rules, or noncompetitive services as defined by the Federal Energy Regulatory Commission.

9.8. Connected Load: The sum of the power rating of the Customer's electrical apparatus connected to the Company's system.

10.9. Contributions in Aid of Construction or ("Contribution"): Funds provided to the Company by the Applicant under the terms of a line extension agreement and/or service connection tariff Pricing Plan, the value of which is not refundable.

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11.10. Customer: The person(s) or entity(ies) in whose name service is rendered, as evidenced by the request for electric service by the Applicant(s), or by the receipt and/or payment of bills regularly issued in his name regardless of the identity of the actual user of the service.

12.11. Customer Charge: The amount the Customer must pay the Company for the availability of electric service, excluding any electricity used, as specified in the Company's Pricing Plans.

13.12. Day: Calendar Day

14.13. Demand: The rate at which power is delivered during any specified period of time. Demand may be expressed in kilowatts, kilovolt-amperes, or other suitable units.

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15.

17. Disputed Bill: Unless otherwise stated, "disputed bill" shall be as defined in Article 17 of TEP's rules and regulations.

17. Electric Service Provider (ESP): A company supplying marketing or brokering at retail any competitive services, as defined in the Rules pursuant to a Certificate of Convenience and Necessity.

18. Electric Service Provider (ESP) Service Acquisition Agreement: A contract between an ESP and TEP to deliver power to retail end users, or between an ESP and a Scheduling Coordinator to schedule transmission service.

SECTION 2 DEFINITIONS (continued)

14. Disabled: A person with a physical or mental condition which substantially contributes to the person's inability to manage his or her own resources, carry out daily living activities, or protect oneself from neglect or hazardous situations without assistance from others.

15. Distribution Lines: The Company's lines operated at distribution voltage, which are constructed along public roadways or other bona fide rights-of-way, including easements on Customer's property

_____cost

19.16. Elderly: A person who is 65 years of age or older.

18.17. Energy: Electric energy, expressed in kilowatt-hours.

21. Energy Diversion: Any action which allows electrical energy to be consumed without proper metering and/or billing.

19. Handicapped: A person with a physical or mental condition which substantially contributes to the person's inability to manage his or her own resources, carry out daily living activities, or protect oneself from neglect or hazardous situations without assistance from others.

1) Horsepower: The nameplate rating of motors or its equivalent in other apparatus. For conversion purposes, one horsepower shall be considered as equivalent to 1.0 kilowatt.

20.18. Illness: A medical ailment or sickness for which a residential Customer obtains a verified document from a licensed medical physician stating the nature of the illness and that discontinuance of service would be especially dangerous to the Customer's health.

21.19. Inability to Pay: Circumstances in which residential Customer:

- a. Is not gainfully employed and unable to pay, or
- b. Qualifies for government welfare assistance, but has not begun to receive assistance on the date he receives his bill and can obtain verification of that fact from the government welfare assistance agency.
- c. Has an annual income below the published federal poverty level and can produce evidence of this, and
- d. Signs a declaration verifying that the Customer meets one of the above criteria and is either elderly, handicapped, or suffers from illness.

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22-20. Interruptible Electric Service: Electric service that is subject to interruption as specified in the Company's tariff Pricing Plan.

2) Interval Metering: The purchase, installation and maintenance of electricity metering equipment capable of measuring and recording minimum data requirements, including hourly interval data required for Direct Access settlement processes.

23-21. Kilowatt (kW): A unit of power equal to 1,000 watts.

24-22. Kilowatt-Hour (kWh): The amount of electric energy delivered in one hour at a constant rate of one kilowatt.

23. Law: Any statute, rule, order or requirement established and enforced by government authorities.

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SECTION 2 **DEFINITIONS** (continued)

25.24. Line Extension: The lines and equipment necessary to extend the electric distribution system of the Company to provide service to additional Customers.

A. Local Arizona Time: All time references in this Article are in local Arizona time, which is Mountain Standard Time. Arizona does not observe Daylight Savings Time.

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SECTION 2 DEFINITIONS (continued)

27-25. Long-Term Rental Mobile Home Park: A park which is finish-graded and has permanently paved roadways, sewer and water connections, and which provides rental spaces to permanent and semi-permanent occupants of mobile homes which are owned either by the occupant or by other persons.

28-26. Master Meter: A meter for measuring or recording the flow of electricity at a single location before distribution to tenants or occupants for their individual usage.

29-27. Megawatt (MW): Unit of power equal to 1,000,000 watts.

30-28. Meter: The instrument and any associated equipment used for measuring, indicating or recording the flow of electricity that has passed through it.

3)Meter Reading Service Provider (MRSP): An entity providing all functions related to the collection and storage of consumption data, and that reads meters, performs validation, editing, and estimation on raw meter data to create bill-ready meter data; translates bill-ready data to an approved format; posts this data to a server for retrieval by billing agents; manages the server; exchanges data with market participants, and stores meter data for problem resolution.

4)Meter Service Provider (MSP): An entity providing all functions related to measuring electricity consumption.

31-29. Meter Tampering: A situation in which a meter has been illegally altered, including, but not limited to: meter bypassing, use of magnets to slow the meter recording, and broken meter seals.

31-30. Minimum Charge: The amount the Customer must pay for the availability of electric service, including an amount of usage, as specified in the Company's tariffs Pricing Plans.

33-31. Month: The period between any two (2) regular readings of the Company's meters at approximately thirty (30) day intervals.

33-32. On-site Generation: Any and all power production generated on or adjacent to a Customer's property that is controlled, utilized, sold, or consumed by said Customer or its agent.

34-33. Permanent Customer: A Customer who is a tenant or owner of a service location who applies for and receives permanent electric service.

36-34. Permanent Service: Service which, in the opinion of the Company, is of a permanent and established character. The use of electricity may be continuous, intermittent, or seasonal in nature.

36-35. Person: Any individual, partnership, firm, corporation, governmental agency, or other organization operating as a single entity.

37-36. Point of Delivery: In all cases, unless otherwise specified, "point of delivery" is the location on the Customer's building, structure, or premises where all wires, conductors, or other current-carrying devices of the Customer join or connect with wires, conductors, or other current-carrying devices of the Company. Location of the point of delivery ~~shall~~will be determined by the Company in conformity with its standards and

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specifications, rate schedules and construction standards as they exist from time to time. Location of metering facilities ~~shall~~will be determined by the Company and may or may not be at the same location as the point of delivery.

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SECTION 2 DEFINITIONS (continued)

- 39.37. Power: The rate of generating, transferring and/or using electric energy, usually expressed in kilowatts.
- 39.38. Power Factor: The ratio of real or active power (kW) to apparent or reactive power (KVA) for any given load and time, generally expressed as a percentage ratio.
- 41.39. Premises: All of the real property and apparatus employed in a single enterprise on an integral parcel of land undivided by public streets, alleys or railways.
40. Pricing Plans: A part of the Company's Tariffs that sets forth the rates and charges related to specific categories of Customers and related terms and conditions.
- 43.41. Primary Service and Metering: Service supplied directly from the Company's high voltage distribution or transmission lines without prior transformation to a secondary level.
- 44.42. Residential Subdivision Development: Any tract of land which has been divided into six or more contiguous lots with an average size of one acre or less for use for the construction of residential buildings or permanent mobile homes for either single or multiple occupancy.
- 44.43. Residential Use: Service to Customers using electricity for domestic purposes such as space heating, air conditioning, water heating, cooking, clothes drying, and other residential uses, including use in apartment buildings, mobile home parks, and other multi-unit residential buildings.
- 45.44. Rules and Regulations or Company Rules: These Rules and Regulations that are part of the Company's Tariffs and Pricing Plans. Rules: Approved AGC Competition Rules.
47. Scheduling Coordinator (SC): An entity that provides schedules for power transactions over transmission or distribution systems to the party responsible for the operation and control of the transmission grid, such as a Control Area Operator, Arizona Independent Scheduling Administrator or Independent System Operator.
- 47.45. Secondary Service: Service supplied at secondary voltage levels from the load side of step-down transformers connected to the Company's high voltage distribution lines.
46. Secondary Service Charge: The Company's current average cost of construction of secondary services.
- 48.47. Service Area: The territory in which the Company has been granted a certificate of convenience and necessity and is authorized by the Commission to provide electric service.
48. Service Classifications: Service classifications shall will be those provided by the filed rate schedules.
49. Service Drop: The overhead service conductors from the last Company-owned pole or other aerial support to and including the splices, if any, connecting to the Customer's service entrance conductors at a building or other structure.

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50. Service Establishment Charge: The charge as specified in the Company's tariffs Pricing Plans which covers the cost of establishing a new account.

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SECTION 2 DEFINITIONS (continued)

51. Service Lateral: The underground service conductors between the street main, including any risers at a pole or other structure or from transformers, and the first point of connection to the Customer's service entrance conductors in a terminal box or meter or other enclosure with adequate space, inside or outside the building wall.
52. Service Line: The last line extending from a distribution line or transformer to the Customer's premises or point of delivery.
53. Service Point: Unless otherwise stated, all references to "service point" in this agreement ~~shall~~will refer to an installed service, identified by a Universal Node Identifier ("UNI").
54. Service Reconnection Charge: The charge as specified in the Company's ~~tariffs~~Pricing Plans which must be paid by the Customer prior to reestablishment of electric service each time the electricity is disconnected for nonpayment or whenever service is otherwise discontinued for failure to comply with the Company's ~~tariffs~~Pricing Plans or Rules and Regulations.
55. Service Re-establishment Charge: A charge as specified in the Company's ~~tariffs~~Pricing Plans for service at the same location where the same Customer had ordered a service disconnection within the preceding twelve-month period.
56. Single Family Dwelling: A house, apartment, or a mobile home permanently affixed to a lot, or any other permanent residential unit which is used as a permanent home.
57. Single-Phase Service: Three (3) wire service (usually 120/240 volts).
- ~~59. customer~~Customers in TEP's service territory at regulated rates, including metering, meter reading, billing and collection services, demand side management services including but not limited to time of use, and consumer information services. All components of Standard Offer Service shall be deemed noncompetitive as long as those components are provided in a bundled transaction pursuant to R14-2-1606(A) of the AGC-approved Competition Rules.
58. Tariffs: The documents filed with the Commission which list the services offered by the Company which set forth the terms and conditions and a schedule of the rates and charges for those services.
59. Temporary Service: Service to premises or enterprises which are temporary in character, or where it is known in advance that the service will be of limited duration. Service which, in the opinion of the Company, is for operations of a speculative character is also considered temporary service.
- ~~59-60.~~ Third-Party Notification: A notice of pending discontinuance of service to a Customer of record sent to an individual or a public entity in order to make satisfactory arrangements with the Company on behalf of said Customer.
61. Three-Phase Service: Four (4) wire service (usually 120/208 volts).

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60.62. Universal Node Identifier ("UNI"): A unique, permanent identification number assigned to each service delivery point of delivery.

61.63. Weather Especially Dangerous to Health: That period of time commencing with the scheduled termination date when the local weather forecast, as predicted by the National Oceanic and Atmospheric Administration, indicates that the temperature will not exceed 32 degrees Fahrenheit for the next day's forecast.

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SECTION 3 ESTABLISHMENT OF SERVICE

ARTICLE NO. 3—ESTABLISHMENT OF SERVICE

A. Information from New Applicants

1.1. The Company may obtain the following minimum information from each new application for service:

1.a. Name or names of Applicant(s);

2.b. Service address or location and telephone number;

3.c. Billing address and telephone number, if different than service address;

4.d. Social security number and/or Driver's License number and date of birth to be consistent with verifiable information on legal identification.

5.—

6.e. Address where service was provided previously;

7.f. Date Applicant will be ready for service;

8.g. Whether premises haved been supplied with electric service previously;

9.h. Purpose for which service is to be used;

10.i. Whether Applicant is owner or tenant of, or agent for the premises;

11.j. Information concerning the energy and demand requirements of the Customer; and

12.k. Type and kind of life-support equipment, if any, used by the Customer.

a. The Company may require a new Applicant for service to appear at the Company's designated place of business with proof of identity

b.2. The supplying of electric service by the Company and the acceptance of that electric service thereof by the Customer shall will be deemed to constitute an agreement by and between the Company and the Customer for delivery, acceptance of and payment for electric service under the Company's applicable rates Pricing Plans and Rules and Regulations.

c.3. The term of any agreement not otherwise specified shall will become operative on the day the Customer's installation is connected to the Company's facilities for the purpose of taking electric energy.

d.4. The Company may require a written contract with special guarantees from Applicants whose unusual characteristics of load or location would require excessive investment in facilities or whose requirements for service are of a special nature.

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e.5. Signed contracts may be required for service to commercial and industrial establishments. Neither these contracts, nor any modifications to these contracts, will be binding. No such contract or any modification thereof shall be binding upon the Company until executed by a duly authorized representative of the Company.

f.6. Where service is rendered to two (2) or more Customers whose name appears on the bill, as evidenced on the bill, the Company will have the right to collect the full amount owed it from any one of the Customers.

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SECTION 3 ESTABLISHMENT OF SERVICE (continued)

B. Deposits

1. The Company may require from any present or prospective Customer a deposit to guarantee payment of all bills. This deposit may be retained by the Company until service is discontinued and all bills have been paid, except as provided in Subsection 3.B.3 below. Upon proper application by the Customer, the Company will then return said deposit, together with any unpaid interest accrued thereon from the date of commencement of service or the date of making the deposit, whichever is later. The Company will be entitled to apply said deposit together with any unpaid interest accrued thereon, to any indebtedness for the same class of service owed to the Company for electric service furnished to the Customer making the deposit. When said deposit has been applied to any such indebtedness, the Customer's electric service may be discontinued until all such indebtedness of the Customer is paid and a like deposit is again made with the Company by the Customer. No interest will accrue on any deposit after discontinuance of the service to which the deposit relates.

The Company will not require a deposit from a new Applicant for residential service if the Applicant is able to meet any of the following requirements:

- a. The Applicant has had service of a comparable nature with the Company at another service location within the past two (2) years and was not delinquent in payment during the last twelve (12) consecutive months of service or was not disconnected for nonpayment; or
 - b. The Applicant can produce a letter regarding credit verification from an electric utility where service of a comparable nature was last received which states that the Applicant has had a timely payment history at time of service discontinuation; or
 - c. Instead of a deposit, the Company receives deposit guarantee notification from a social or governmental agency acceptable to the Company. A surety bond may be provided as security for the Company in an amount equal to the required deposit.
2. The Company may issue a non-assignable, non-negotiable receipt to the Applicant for the deposit. The inability of the Customer to produce his or her receipt will in no way impair the Customer's right to receive a refund of the deposit that is reflected on the Company records.

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SECTION 3 ESTABLISHMENT OF SERVICE (continued)

3. Cash deposits held by the Company twelve (12) months or longer will earn interest at the established one-year Treasury constant maturities rate, effective on the first business day of each year, as published in the Federal Reserve website.
 - a. Residential Customers – Deposits or other instruments of credit will automatically expire or be refunded or credited to the Customer's account, after twelve (12) consecutive months of service during which time the Customer has not been delinquent more than two (2) times in a twelve (12) month period.
 - b. All Customers – Upon final discontinuance of the use of the service and full settlement of all bills by the Customer, any deposit, not previously refunded, with accrued interest, if any, in accordance with the provisions of these Rules and Regulations will be returned to the Customer or, at the Company election, it may be applied to the payment of any unpaid accounts of the Customer and the balance, if any, returned to the Customer.
4. The Company may require a Customer to establish or reestablish a deposit if the Customer became delinquent in the payment of three (3) or more bills within a twelve (12) consecutive month period, or has been disconnected from service during the last twelve (12) months.
5. The Company may review the Customer's usage after service has been connected and adjust the deposit amount based upon the Customer's actual usage.
6. A separate deposit may be required for each meter installed.
7. Residential Customer deposits will not exceed two (2) times that Customer's estimated average monthly bill. Non-residential Customer deposits will not exceed two and one-half (2.5) times that Customer's maximum estimated monthly bill. If actual usage history is available, then that usage, adjusted for normal weather, will be the basis for the estimate.
8. The posting of a deposit will not preclude the Company from terminating service when the termination is due to the Customer's failure to perform any obligation under the agreement for service or any of these Rules and Regulations.

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a. Establishment and Re-establishment of Credit/Deposits

i. Establishment of Credit

(1) Residential

B. The Company shall not require a deposit from a new applicant for residential service if the applicant is able to meet any of the following requirements:

i. The applicant has had service of a comparable nature with the Company at another service location within the past two (2) years and was not delinquent in payment during the last twelve (12) consecutive months or disconnected for nonpayment.

ii. The applicant can produce a letter regarding credit verification from an electric utility where service of a comparable nature was last received which states that the applicant has had service of a comparable nature with the utility at another service location within the past two (2) years and was not delinquent in payment during the last twelve (12) consecutive months or discontinued for nonpayment.

iii. In lieu of a deposit, a new applicant may provide a surety bond as security for the Company in a sum equal to the required deposit.

a. When credit cannot be established to the satisfaction of the Company, the applicant will be required to:

1) Place a cash deposit to secure payment of bills for service as prescribed herein, or

2) Provide a surety bond acceptable to the Company in an amount equal to the required deposit.

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SECTION 3 ESTABLISHMENT OF SERVICE (continued)

B. Nonresidential

F. All nonresidential customers will be required to:

b. Place a cash deposit to secure payment of bills for service as prescribed herein, or

c. Provide a security acceptable to the Company for payment to the Company in an amount equal to the required deposit.

ii. Re-establishment of Credit

a. Former Customers with an Outstanding Balance

An applicant who has been a customer of the Company and who is indebted to the Company will be required to re-establish credit by paying all delinquent bills (unless collection of such debt is barred by law) and by depositing the amount prescribed herein.

A. Delinquent Customer

A customer whose electric service has been discontinued for nonpayment of bills for service may be required, before service is restored, to re-establish credit by paying all delinquent bills (unless collection of such debt is barred by law) and by depositing the amount prescribed herein.

b. The Company may require a residential customer to re-establish a deposit if the customer becomes delinquent in the payment of three (3) or more bills within a twelve (12) consecutive month period or has been disconnected from service during the last twelve (12) months.

1. Deposits

i. The amount of a deposit required by the Company to establish or re-establish credit shall be determined according to the following terms:

1. Residential customer deposits shall not exceed two times that customer's estimated average monthly bill.

2. Nonresidential customer deposits shall not exceed two and one-half times that customer's estimated maximum monthly bill.

ii. Applicability to Unpaid Accounts

Deposits and interest prescribed herein will be applied to unpaid bills owing to the Company when service is discontinued.

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SECTION 3 ESTABLISHMENT OF SERVICE (continued)

iii. Refunds of Deposits

1. Upon discontinuance of service, the Company will refund any balance of the deposit, plus applicable interest, in excess of unpaid bills. The Company will return any credit balance by check to the last known customer address.
2. After a residential customer has, for twelve (12) consecutive months, paid all bills prior to the next regular billing, the Company shall deem such customer to have satisfactorily established credit and shall refund the deposit with earned interest within thirty (30) days.

iv. Interest on Deposits

Deposits shall earn simple interest at the rate of six percent per annum payable upon refund of the deposit or upon discontinuance of service, or upon customer's request, but not more than once in any 12-month period, provided that such deposit has been held by the Company for a period of not less than 12 months. Deposit interest is not payable on accounts after an effort to refund the deposit has been made, and reasonable efforts to locate a customer for that purpose have been undertaken without success.

The posting of a deposit shall not preclude the Company from terminating the agreement for service, or suspending service, because of a customer's failure to make timely payment of any bill, customer's failure to perform any obligation under the agreement for service or a customer's violation of any of these Rules and Regulations.

- v. The Company may review the customer's usage after service has been connected and adjust the deposit amount based upon the customer's actual usage.
- vi. A separate deposit may be required for each meter installed.
- vii. The Company shall issue a non-negotiable receipt to the applicant and/or customer for the deposit. The inability of the customer to produce such a receipt shall in no way impair his right to receive a refund of the deposit, which is reflected on the Company's records.

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SECTION 3 ESTABLISHMENT OF SERVICE (continued)

(1)C. Conditions for Supplying Service

The Company reserves the right to determine the conditions under which service will be provided. Conditions for service and extending service to the Customer will be based upon the following:

1. Customer has wired his premises in accordance with the National Electric Code, City, County and/or State codes, whichever are applicable.
2. Customer has installed the meter loop in a suitable location approved by the Company.
3. In the case of a mobile home, the meter loop must be attached to a meter pole or to an approved support.
4. In case of temporary construction service, the meter loop must be attached to an approved support.
5. All meter loop installations must be in accordance with the Company's specifications and located at an outdoor location accessible to the Company.
6. Individual Customers may be required to have their property corner pins and/or markers installed to establish proper right-of-way locations.
7. Developers must have all property corner pins and/or markers installed necessary to establish proper locations to supply electric service to individual lots within subdivisions.
8. Where the installation requires more than one meter for service to the premises, each meter panel must be permanently marked (not painted) by the contractor or Customer to properly identify the portion of the premises being served.
9. The identification will be the same as the apartment, office, etc., served by that meter socket. The identifying marking placed on each meter panel will be impressed into or raised from a tab of aluminum, brass or other approved non-ferrous metal with minimum one-fourth (1/4) inch-high letters. This tag must be riveted to the meter panel. The impression must be deep enough to prevent the identification(s) from being obscured by subsequent painting of the building and attached service equipment.
10. The Company may require the assistance of the Customer and/or the Customer's contractor to open the apartments or offices at the time the meters are set, in order to verify that each meter socket actually serves the apartment or office indicated by the marking tag. In the case of multiple buildings, the building or unit number and street address will be identified on the pull section in the manner described above.

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SECTION 3 ESTABLISHMENT OF SERVICE (continued)

D. Grounds for Refusal of Service

The Company may refuse to establish service if any of the following conditions exist:

- i.1. The Applicant has an outstanding amount due for the same class of service with the Company and the Applicant is unwilling to make satisfactory arrangements with the Company for payment.
- ii.2. A condition exists which in the Company's judgment is unsafe or hazardous to the Applicant, the general population, or the Company's personnel or facilities.
- iii.3. Refusal by the Applicant to provide the Company with a deposit when the Customer has failed to meet the credit criteria for waiver of deposit requirements.
- iv.4. Customer is known to be in violation of the Company's ~~tariffs~~Pricing Plans filed with and approved by the Commission.
- v.5. Failure of the Customer to furnish such funds, service, equipment, and/or rights-of-way necessary to serve the Customer and which have been specified by the Company as a condition for providing service.
6. Customer fails to provide access to the meter that would be serving the Customer.
- vi.7. Applicant falsifies his or her identity for the purpose of obtaining service.

E. Service Establishment, Reestablishment and Reconnection Charge

- 3)1. The Company ~~shall~~will make a charge, as approved by the Commission, for the ~~service~~ establishment or re-establishment for service reads only of electric services as set forth in the Statement of Additional Charges. A charge of thirteen dollars and fifty cents (\$13.50) shall be assessed for the establishment or re-establishment of service.
2. The Company will make a charge, as approved by the Commission, for service establishment or reestablishment, other than service reads under usual operating procedures, for single-phase service only, during regular business hours as set forth in the Statement of Additional Charges.
- 4)3. Should single-phase service be established or re-established during a period other than regular working hours at the Customer's request, the Customer ~~shall~~will be required to pay an after-hours charge for the service connection as set forth in the Statement of Additional Charges ~~of thirty-five dollars (\$35.00).~~ Where Company scheduling will not permit service establishment on the same day as requested, the Customer may elect to pay the after-hours charge for establishment that day or his/her service will be established on the next available business day. Even so, a Customer's request to have the Company establish service after-hours is subject to the Company having Staff available; there is no guarantee that the Company will have the staffing available for service establishment, or reestablishment or reconnection outside of regular business hours. ~~Otherwise, service will be established on the next available normal working day.~~

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4. If at any time during the term of the agreement for services the character of a temporary Customer's operations changes so that in the opinion of the Company the Customer is classified as permanent, the terms of the Company's line extension rules shall ~~will~~ apply.

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SECTION 3 **ESTABLISHMENT OF SERVICE** **(continued)**

- G. Identification of Load and Premises: Upon request of the Company, the Applicant must identify the electric load and premises to be served by the Company at the time of application. If the service address is not recognized in terms of commonly-used identification system, the Applicant may be required to provide specific written directions and/or legal descriptions before the Company will be required to act upon a request for electric service.
- H. Identification of Responsible Party: Any person applying on behalf of another Applicant for service to be connected in the name of or in care of another Applicant must furnish to the Company written approval from that Applicant guaranteeing payment of all bills under the account. The Customer is responsible in all cases for service supplied to the premises until the Company has received proper notice of the effective date of any change. The Customer will also promptly notify the Company of any change in billing address.

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SECTION 3 ESTABLISHMENT OF SERVICE (continued)

I. Tampering With or Damaging Company Equipment

1. The Customer agrees, when accepting service, that no one except authorized Company employees or agents of the Company will be allowed to remove or replace any Company owned equipment installed on Customer's property.
2. No person, except an employee or agent acting on behalf of the Company will alter, remove or make any connection to the Company's meter or service equipment.
3. No meter seal may be broken or removed by anyone other than an employee or agent acting on behalf of the Company; however the Company may give its prior consent to break the seal by an approved electrician employed by a Customer when deemed necessary by the Company.
4. The Customer will be held responsible for any broken seals, tampering, or interfering with the Company's meter(s) or any other Company owned equipment installed on the Customer's premises. In cases of tampering with meter installations, interfering with the proper working thereof, or any tampering, interfering, theft, or service diversion, including the falsification of Customer read-meter readings, Customer will be subject to immediate discontinuance of service. The Company will be entitled to collect from the Customer whose name the service is in, under the appropriate rate, for all power and energy not recorded on the meter as the result of such tampering, or other theft of service, and also additional security deposits as well as all expenses incurred by the Company for property damages, investigation of the illegal act, and all legal expenses and court costs incurred by the Company.
5. The Customer will be held liable for any loss or damage occasioned or caused by the Customer's negligence, want of proper care or wrongful act or omission on the part of any Customer's agents, employees, licensees or contractors.

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SECTION 4 MINIMUM CUSTOMER INFORMATION REQUIREMENTS

ARTICLE NO. 4 - ELECTION OF RATE SCHEDULES

- A. Upon application for service or upon request, the applicant or the customer shall elect the applicable rate schedule best suited to his requirements. The Company will assist in making such election, but shall not be held responsible for notifying the customer of the most favorable rate schedule and shall not be required to refund the difference in charges under different rate schedules.
- B. Upon written notification of any material changes in the customer's installation or load conditions, the Company will assist in determining if a change in rate schedules is desirable, but not more than one (1) such change at the customer's request will be made within any twelve (12) month period.
- C. The supply of electric service under a residential rate schedule to a dwelling involving some business or professional activity will be permitted only where such activity is of only occasional occurrence, or where the electricity used in connection with such activity is small in amount and used only by equipment which would normally be in use if the space were used as living quarters. Where the portion of a dwelling is used regularly for business, professional or other gainful purposes, and any considerable amount of electricity is used for other than domestic purposes, or electrical equipment not normally used in living quarters is installed in connection with such activities referred to above, the entire premises shall be classified as non-residential and the appropriate general service rate schedule shall be applied. The customer may, at his option, provide separate wiring so that the residential uses can be metered and billed separately under the appropriate residential service rate schedule, and the other uses under the appropriate general service rate schedule.

ARTICLE NO. 5 - MINIMUM CUSTOMER INFORMATION REQUIREMENTS

- A. Information for Residential Customers

B.1. The Company shall will make available upon Customer request not later than sixty (60) days from the date of the request, a concise summary of the rate schedule applied for by the such Customer. The summary shall will include the following:

- a. The monthly minimum or Customer charge, identifying the amount of the charge and the specific amount of usage included in the minimum charge, where applicable;
- b. Rate blocks, where applicable;
- c. Any adjustment factor(s) and method of calculation; and
- d. Demand charge, where applicable.

C.2. Upon application for service or upon request, the Applicant or the Customer will shall elect the applicable Pricing Plan best suited to his requirements. The Company may will assist in making this such election, but will shall not be held responsible for notifying the Customer of the most favorable Pricing Plan and will shall not be required to refund the difference in charges under different Pricing Plans.

D.3. Upon written notification of any material changes in the Customer's installation or load conditions, the Company will assist in determining if a change in Pricing Plans is desirable, but not more than one (1) such change at the Customer's request will be made within any twelve (12) month period.

E.4. The supply of electric service under a residential rate schedule to a dwelling involving some business or professional activity will be permitted only where such activity is of only occasional occurrence, or where the

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electricity used in connection with such activity is small in amount and used only by equipment which would normally be in use if the space were used as living quarters. Where the portion of a dwelling is used regularly for business, professional or other gainful purposes, and any considerable amount of electricity is used for other than domestic purposes, or electrical equipment not normally used in living quarters is installed in connection with such activities referred to above, the entire premises mustshall be classified as non-residential and the appropriate general service Pricing Planrate schedule willshall be applied.

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SECTION 4 **MINIMUM CUSTOMER INFORMATION REQUIREMENTS** (continued)

F.5. Upon Customer request the Company ~~shall~~will make available within sixty (60) days from date of service commencement, a concise summary of the Company's ~~tariffs~~Pricing Plans or the Commission's Rules and Regulations concerning:

i.a. Deposits;

ii.b. Termination of service;

iii.c. Billing and collection; and

iv.d. Complaint handling.

1.6. Upon request of a Customer, the Company ~~shall~~will transmit a written statement of actual consumption for each billing period during the prior twelve (12) months unless ~~this~~such data is not reasonably ascertainable. But the Company will not be required to accept more than one such request from each Customer in a calendar year. Even so, the Company will charge a fee consistent with its ACC-approved tariffsPricing Plans and/or these Rules and Regulations for providing consumption, interval or other data to thea Customer or its agent, such as an ESP.

2.7. The Company ~~shall~~will inform all new Customers of their right to obtain the information specified above.

a.B. Information Required Due to Changes in ~~Tariffs~~Pricing Plans

A.1. The Company ~~shall~~will transmit to affected Customers a concise summary of any change in the Company's ~~tariffs~~Pricing Plans affecting those Customers.

B.2. This information ~~shall~~will be transmitted to the affected Customer within sixty (60) days of the effective date of the change.

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SECTION 5 MASTER METERING

ARTICLE NO. 6 - MASTER METERING

A. Mobile Home Parks - New Construction/Expansion

- a.1. The Company ~~shall~~will refuse service to all new construction and/or expansion of existing permanent residential mobile home parks unless the construction and/or expansion is individually metered by the Company. Line extensions and service connections to serve this new construction and/or such expansion shall will be governed by these Rules and Regulations. ~~the line extension and service connection tariff of the Company.~~
- b.2. For the purpose of this rule, permanent residential mobile home parks ~~shall~~will mean mobile home parks where, in the opinion of the Company, the average length of stay for an occupant is a minimum of six months.
- c.3. For the purpose of this rule, expansion means the acquisition of additional real property for permanent residential spaces in excess of that existing at the effective date of this rule.

2.B. Residential Apartment Complexes, Condominiums, and other Multi-unit Residential Buildings

1. Master metering ~~shall~~will not be allowed for new construction of apartment complexes and condominiums unless the building(s) will be served by a centralized heating, ventilation and/or air conditioning system and the contractor can provide to the Company an analysis demonstrating that the central unit will result in a favorable cost/benefit relationship.
2. At a minimum, the cost/benefit analysis ~~shall~~will consider the following elements for a central unit as compared to individual units:
 - a. Equipment and labor costs;
 - b. Financing costs;
 - c. Maintenance costs;
 - d. Estimated kWh usage;
 - e. Estimated kW demand on a coincident demand and non-coincident demand basis (for individual units);
 - f. Cost of meters and installation; and
 - g. Customer accounting cost (one account vs. several accounts).

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SECTION 6 SERVICE LINES AND ESTABLISHMENTS

ARTICLE NO. 7 - SERVICE LINES AND ESTABLISHMENTS

A. Priority and Timing of Service Establishments

1. After an Applicant has complied with the Company's application ~~and deposit~~ requirements and has been accepted for service by the Company and obtained all required easements, permits and/or inspections indicating that the Customer's facilities comply with local construction, safety and governmental standards or regulations, the Company ~~shall~~will schedule that Customer for service establishment.
2. ~~All fees are due and payable before the Company will schedule the Customer for service establishment.~~
- 2.3. Service establishments ~~shall~~will be scheduled for completion within five (5) ~~working day~~business days of the date the Customer has been accepted for service, except in those instances when the Customer requests service establishment beyond the five (5) ~~working day~~business day limitation.
- 3.4. When the Company has made arrangements to meet with a Customer for service establishment purposes and the Company or the Customer cannot make the appointment during the prearranged time, the Company ~~shall~~will reschedule the service establishment to the satisfaction of both parties.
- 4.5. The Company ~~shall~~will schedule service establishment appointments within a maximum range of four (4) hours during normal working hours, unless another time frame is mutually acceptable to the Company and the Customer.
- 5.6. Service establishments ~~must~~shall only be made ~~only~~ by the Company.
- 6.7. For the purposes of this rule, service establishments are where the Customer's facilities are ready and acceptable to the Company and the Company needs only to install or read a meter or turn the service on. ~~Where the customer has opted for Direct Access service, the customer's ESP or its agent shall be responsible for installing the meter.~~

B. Service Lines

1. Customer-provided Facilities

- a. Each Applicant for service ~~shall~~will be responsible for all inside wiring, including the service entrance, and meter socket ~~and conduit~~. For three-phase service, the Customer will provide, at his expense, all facilities, including conductors and conduit, beyond the Company-designated point of delivery.
- b. Meters and service switches in conjunction with the meter ~~must~~shall be installed in a location where the meters will be readily and safely accessible for reading, testing and inspection and where such activities will cause the least interference and inconvenience to the Customer. Location of metering facilities ~~shall~~will be determined by the Company and may or may not be at the same location as the point of delivery. However, the meter locations ~~shall~~will not be on the front exterior wall of the home, or in the carport or garage, unless mutually agreed to between the home builder or Customer and the Company. Without cost to the Company,

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| the Customer ~~must~~ shall provide, at a suitable and easily accessible location, sufficient and proper space for
| installation of meters.

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SECTION 6 SERVICE LINES AND ESTABLISHMENTS (continued)

- c. Where the meter or service line location on the Customer's premises is changed at the request of the Customer or due to alterations on the Customer's premises, the Customer, at his expense, ~~must~~shall provide and have installed all wiring and equipment necessary for relocating the meter and service line connection. The Company ~~will~~may assess a charge for moving the meter and/or service line.
- d. Customer will provide access to the main switch or breaker for disconnecting load to enable safe installation and removal of company meters.

a.2. Overhead Service Connections - Secondary Service

- a. Any service line will be paid for by the Customer. The Customer will be charged a Secondary Service Charge as set forth in the Statement of Additional Charges. The Company will review its costs and file a Pricing Plan revision annually. Such revisions will be subject to approval by the Commission before becoming effective. ~~Service Drops: Where the Company's distribution pole line is located on the Customer's premises, or on a street, highway, lane, alley, road or private easement immediately contiguous thereto, the Company will, at its own expense, furnish and install a single span of service drop from its pole to the Customer's point of attachment, provided such attachment is at the point of delivery and is of a type and so located that the service drop wires may be installed in a manner approved by the Company in accordance with good engineering practice, and in compliance with all applicable laws, ordinances, rules and regulations, including those governing clearances and points of attachments.~~
- b. ~~Impaired Clearance:~~ Whenever any of the clearances required by the applicable laws, ordinances, rules or regulations of public authorities or standards of the Company from the service drops to the ground or any object become impaired by reason of any changes made by the owner or tenant of the premises, the Customer ~~shall~~will, at his own expense, provide a new and approved support, in a location approved by the Company, for the termination of the Company's service drop wires and ~~shall~~will also provide all service entrance conductors and equipment necessitated by the change of location.
- c. ~~Service Entrance Conductors:~~ For each overhead service connection, the Customer ~~shall~~will furnish at his own expense a set of service entrance conductors ~~that will~~which shall extend from the point of service delivery at the point of termination of the Company's service drop on the Customer's support to the Customer's main disconnect switch. ~~These~~Such service entrance conductors ~~shall~~will be of a type and be in an enclosure which meets with the approval of the Company and any inspection authorities having jurisdiction.
- e. The cost of any service line, in excess of that allowed at no charge, will be paid for by the Customer as a contribution in aid of construction.

1)3. Underground Service Connections - Secondary Service

b.General

- a. Any service line will be paid for by the Customer. The Customer will be charged a Secondary Service Charge as set forth in the Statement of Additional Charges. The Company will review its costs and file a

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Pricing Plan revision annually. Such revisions will be subject to approval by the Commission before becoming effective.

b. In areas where the Company maintains an underground distribution system, individual services will be underground and paid for by the Customer.

b.c. Whenever the Company's underground distribution system is not complete to the point designated by the Company where the service lateral is to be connected to the distribution system, the system may be extended in accordance with ARTICLE NO. Section -78.

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SECTION 6 SERVICE LINES AND ESTABLISHMENTS (continued)

- c.d. ~~New Underground Service Connections~~ For single-phase service, the Company will install a service lateral from its distribution line to the Customer's Company-approved termination facilities under the following conditions (unless otherwise agreed to by the Company and the Applicant):
- i. The Customer, at his expense, ~~shall will provide perform~~ the necessary trenching, ~~conduit, conduit installation, backfill, landscape restoration and paving or, in lieu thereof, pay the Company to do so; and shall will~~ furnish, install, own and maintain termination facilities on or within the building to be served.
 - ii.e. The Company, ~~at its expense,~~ will furnish, install, own, and maintain the underground single-phase service cables to the Customer's Company-approved termination facilities.
 - iii.f. The Company will determine the minimum size and type of conduit and conductor for the single-phase service. ~~Where separately installed conduit or duct is required for single-phase service, t~~he Customer will furnish and install the conduit system, including pull ropes. The ownership of ~~this~~ such conduit or duct ~~shall will~~ be conveyed to the Company, and the Company will thereafter maintain ~~this~~ such conduit or duct. ~~By mutual agreement and upon payment by the Customer of the estimated installed cost, the Company may furnish, install, own and maintain this such conduit or duct.~~ The maximum length of any lateral ~~service~~ conductor ~~shall will~~ be determined by the Company in accordance with accepted engineering practice in determining voltage drop, voltage flicker, and other relevant considerations.
 - g. ~~d.~~ For three-phase service, the Customer will ~~also~~ provide at his expense all facilities, including conductors and conduit, beyond the Company-designated point of delivery in addition to the Secondary Service Charge.

3.C. Easements and Rights-of-Way

- A.1. At no cost to the Company, each Customer ~~must~~ shall grant adequate easements and rights-of-way satisfactory to the Company to ensure that Customer's proper service connection. Failure on the part of the Customer to grant adequate easements and rights-of-way ~~shall will~~ be grounds for the Company to refuse service.
- B.2. When the Company discovers that a Customer or his agent is performing work, has constructed facilities, or has allowed vegetation to grow adjacent to or within an easement or right-of-way and such work, construction, vegetation or facility poses a hazard or is in violation of federal, state or local laws, ordinances, statutes, rules or regulations, or significantly interferes with the Company's access to equipment, the Company ~~shall will~~ notify the Customer or his agent and ~~shall will~~ take whatever actions are necessary to eliminate the hazard, obstruction or violation at the Customer's expense.

1.D. Number of Services to be Installed

The Company will not install more than one service, either overhead or underground, for any one building or group of buildings on a single premises, except as separate services may be installed for separate buildings or group of

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buildings where necessary for the operating convenience of the Company, where provided for in Pricing Plan tariff schedules, or where required by law or local ordinance.

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SECTION 6 SERVICE LINES AND ESTABLISHMENTS (continued)

2.E. Multiple Service Points

Unless otherwise expressly provided herein, or in a rate schedule or contract, any person, firm, corporation, agency or other organization or governmental body receiving service from the Company at more than one location or for more than one separately-operated business ~~shall~~will be considered as a separate Customer at each ~~such~~ location and for each ~~such~~ business. If several buildings are occupied and used by a Customer in the operation of a single business, then the Company, upon proper application, will furnish service for the entire group of buildings through one service connection at one point of delivery, provided all of ~~these~~such buildings are at one location on the same lot or tract, or on adjoining lots or tracts forming a contiguous plot (not separated by any public streets) wholly owned, or controlled, and occupied by the Customer in the operation of ~~this~~such single business. Dwelling units ~~shall~~will be served, metered and billed separately, except at the option of the Company.

F. Temporary Service

For service that is temporary in nature or for operations of a speculative character or questionable permanency the Customer will be charged the Secondary Service Charge as set forth in the Statement of Additional Charges.

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SECTION 7 LINE EXTENSIONS

ARTICLE NO. 8 - LINE EXTENSIONS

Introduction

The Company will construct, own, operate and maintain lines along public streets, roads and highways which the Company has the legal right to occupy, and on public lands and private property across which rights-of-way and easements satisfactory to the Company may be obtained without cost to or condemnation by the Company.

A request for electric service often requires the construction of new distribution lines of varying distances. The distances and cost vary widely depending upon Customer's location and load size. With such a wide variation in extension requirements, it is necessary to establish conditions under which the Company will extend its electric facilities.

All extensions (single-phase, three-phase or feeder) are subject to the availability of adequate capacity, voltage and Company facilities at the beginning point of an extension, as determined by the Company.

A standard policy has been adopted to provide service to Customers whose requirements are deemed by the Company to be ordinary in nature.

A. General Requirements

1. Upon an Applicant's request for a line extension, the Company ~~shall~~will prepare, without charge, a preliminary ~~sketch~~electric design and ~~the a rough estimate of the~~ cost of installation estimates to be paid by said Applicant.
2. Any Applicant for a line extension requesting the Company to prepare detailed plans, specifications, or cost estimates ~~will~~may be required to deposit with the Company an amount equal to the estimated cost of preparation. The Company ~~shall~~will, upon request, make available within ninety (90)-days after receipt of the deposit referred to above, ~~thesesuch~~ plans, specifications, or cost estimates of the proposed line extension. Where the Applicant authorizes the Company to proceed with construction of the extension, the deposit ~~shall~~will be credited to the cost of construction; otherwise the deposit ~~shall~~will be nonrefundable. If the extension is to include oversizing of facilities to be done at the ~~Customer's~~Company's expense, appropriate details ~~shall~~will be set forth in the plans, specifications and cost estimates. Subdivision developers providing the Company with approved plats ~~shall~~will be provided with plans, specifications, or cost estimates within forty-five (45) days after receipt of the deposit referred to above.
3. ~~Where the Company requires an Applicant to advance funds for a line extension,~~ The Company ~~shall~~will provide a copy of the line extension ~~policy~~tariff prior to the Applicant's acceptance of the utility's extension agreement.
4. All line extension agreements requiring payment by the Applicant ~~shall~~will be in writing and signed by each party.
5. ~~All charges are due and payable at the time that the line extension agreement is executed.~~

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SECTION 7 LINE EXTENSIONS (continued)

5.6. The provisions of this rule apply only to those Applicants who, in the Company's judgment, will be permanent Customers of the Company. Applications for temporary service ~~shall~~will be governed by the Company's rules concerning temporary service applications. The Company reserves the right to delay the extension of facilities until the satisfactory completion of required site improvements, as determined by the Company, and an approved service entrance to accept electric service has been installed.

i.B. Minimum Written Agreement Requirements

1. Each line extension agreement ~~shall~~will, at a minimum, include the following information:

- a. Name and address of Applicant(s);
- b. Proposed service address or location;
- c. Description of requested service;
- d. Description and sketch of the requested line extension;
- e. Total cost of the line extension estimate which includes materials, labor, and other costs as necessary, and

f. ~~Payment terms;~~

g. ~~A concise explanation of any refunding provisions, if applicable;~~

h. ~~The Company's estimated commencement and completion dates for construction of the line extension, and~~

a. —

i. f. ~~A summary of the results of the economic feasibility analysis performed by the Company to determine the amount of advance required from the Applicant for the proposed line extension.~~

2. Each Applicant ~~shall~~will be provided with a copy of the written line extension agreement.

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ii.C. Line Extension Requirements

1. General

The Company will construct, own, operate and maintain lines along public streets, roads and highways which the Company has the legal right to occupy, and on public lands and private property across which rights-of-way and easements satisfactory to the Company may be obtained without cost to or condemnation by the Company.

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i.1. Overhead Extensions to Individual Residential and General Service (Rates 1, 2, 21, and 10) Applicants and to the Perimeter of Duly-Recorded Real Estate Subdivisions

Except as otherwise provided herein, overhead extensions will be made as follows:

d.a. Rates for OverheadFree Extensions

The Company will install, own, and maintain the distribution facilities necessary to provide permanent service to the Customer. Prior to the installation of facilities, the Customer will be required to pay the cost of the construction of the distribution facilities. The costs of construction are set forth in the Statement of Additional Charges. Upon the Applicant's satisfactory completion of required site improvements, the Company will make extensions from its existing facilities of proper voltage and adequate capacity free of charge up to five hundred (500) feet. The distance of five hundred (500) feet is to be measured by the shortest feasible route along public streets, roads, highways, or suitable easements from the existing facilities to the Applicant's nearest point of delivery.

e. Extensions in Excess of Free Extension Distance

The Company shall make extensions in excess of five hundred (500) feet upon receipt of a non-interest bearing, refundable cash deposit with the Company to cover costs of construction computed at the rate of five dollars (\$5.00) per foot for each foot of single-phase line extension or eight dollars (\$8.00) per foot for each foot of three-phase line extension in excess of the free extension length (unless otherwise agreed to by the Company and the Applicant).

The line extension charges foregoing charges of five dollars (\$5.00) and eight dollars (\$8.00) per foot for line extensions are based on the Company's current average cost of construction of distribution lines. The Company will review its costs periodically and will shall file a tariff Pricing Plan revision annually when such costs have changed by more than ten percent (10%) since the last revision of costs. Such revisions shall will be subject to approval by the Commission before becoming effective.

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f. Method of Refund

a. After a period of 12 months from the date the Company is initially ready to render service from an extension, seventy-five percent (75%) of any revenue received from the Customer in excess of two thousand five hundred dollars (\$5.00 per ft. X 500 ft. = \$2,500.00) for single phase extensions or four thousand dollars (\$8.00 per ft. X 200 ft. = \$4,000.00) for three phase extensions during that period will be applied toward refunding the line extension deposit. The amount of refund may not exceed the amount of the deposit.

b. Deposit refunds will be made to a depositor when separately metered Customers are served directly from the line extension originally constructed to serve said depositor, providing the new line extension is less than five hundred (500) feet in distance, and the Customer to be served occupies a permanent structure designed for continued occupancy for either residential or business purposes, meeting established municipal, county or state codes as applicable.

The amount of the deposit refund will be equal to five dollars (\$5.00) for single phase or eight dollars (\$8.00) for three phase multiplied by five hundred (500) feet less the actual footage of the new line extension required to serve the new Customer.

In no event shall the total of the refund payments made by the Company to a depositor be in excess of the deposit amount advanced.

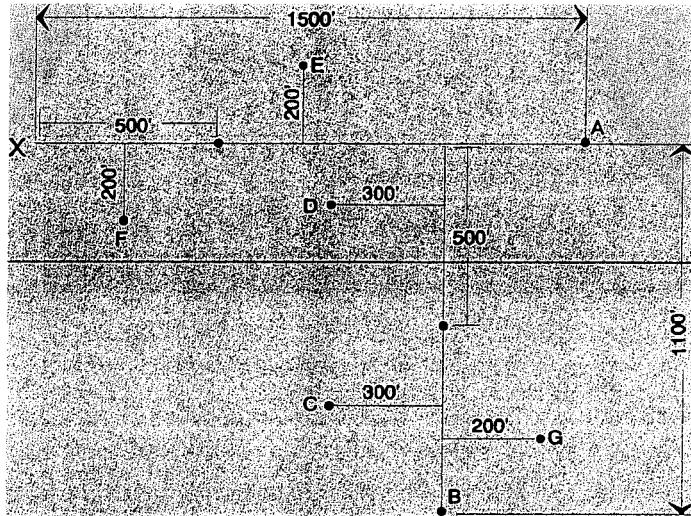
A pictorial explanation of the method of refund for a single phase line extension is as follows:

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SECTION 7 LINE EXTENSIONS (continued)



refundable for footage over foot APPLICANT A) Applicant puts up refundable deposit of \$5,000.00 for footage over 500' at \$5.00/foot.

refundable for footage over foot APPLICANT B) Applicant puts up refundable deposit of \$3,000.00 for footage over 500' at \$5.00/foot. No refund to A for B's connection because B is over 500'.

gets line at no cost. Refund goes to B at, or because C ties directly into B's line and is less than 500' APPLICANT C) Applicant gets line at no cost. Refund goes to B at \$5.00 x 200', or \$1,000.00, because C ties directly into B's line and is less than 500'.

gets line at no cost. Refund goes to B at, or because it ties directly into B's line and is less than 500' APPLICANT D) Applicant gets line at no cost. Refund goes to B at \$5.00 x 200', or \$1,000.00, because D ties directly into B's line and is less than 500'.

gets line at no cost. Refund goes to A at, or because E ties directly into A's line and is less than 500' APPLICANT E) Applicant gets line at no cost. Refund goes to A at \$5.00 x 300', or \$1,500.00, because E ties directly into A's line and is less than 500'.

gets line at no cost. Refund goes to A at because F ties directly into A's line and is less than 500' APPLICANT F) Applicant gets line at no cost. Refund goes to A at \$5.00 x 300', or \$1,500.00, because F ties directly into A's line and is less than 500'.

gets line at no cost. Refund goes to receives since this is the remaining balance of the initial deposit APPLICANT G) Applicant gets line at no cost. Refund goes to B at \$5.00 x 300', or \$1,500.00. B receives \$1,000.00 since this is the remaining balance of the initial deposit.

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Note: This method requires that: i) The deposit advance made for an initial line extension cannot be refunded to the depositor unless a new line extension required to serve a new separately metered Customer is directly connected to the initial line extension; and ii) the new line extension is less than 200' in length.

D. Payment of eligible refunds will be made within ninety (90) days following receipt of notification to the Company that a qualifying permanent Customer has commenced receiving service from an extension.

E. The Customer may request an annual survey to determine if additional Customers have been connected to and are using service from the extension.

4) After a period of ten (10) years from the date the Company is initially ready to render service from an extension, the Company shall review the deposit and make appropriate refunds then due, if any. Any unrefunded amount remaining thereafter will become the property of the Company and shall no longer be eligible for refund.

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SECTION 7 LINE EXTENSIONS (continued)

2.b. Extensions to Large Light and Power Customers (Rates 13 and 14)

The Company will install, own and maintain, on an individual project basis, the distribution facilities necessary to provide permanent service to a large light and power Customer. Prior to the installation of facilities, the Customer shall be required to pay the estimated cost of the construction of the distribution facilities. Upon completion of construction the Company will compare actual cost to the estimated cost and any difference will be either billed or refunded to the Customer. make a cash advance to the Company for any portion of the capital expenditures not justified by the estimated annual revenue. Such advance, if any, will be in the amount determined by subtracting from the total estimated installation costs two (2) times the estimated annual revenue. If the total of such charge is less than one hundred dollars (\$100.00), the charge shall be waived by the Company.

Adjustments to the advance will be made after the initial twenty four (24) month billing period, and the Company will refund to the amount by which the estimated advance exceeds the actual installation cost less the actual twenty four (24) month billing.

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3.2. Overhead or Underground Distribution Facilities Within a New Duly Recorded Residential Subdivision for Permanent Service to Single and/or Multi-Family Residences

b)a. General

Required distribution facilities within a new duly recorded residential subdivision, including subdivision plats which are activated subsequent to their recordation, for permanent service to single and/or multi-family residences and/or unmetered area lighting, will be constructed, owned, operated and maintained by the Company in advance of applications for service by permanent Customers only after the Company and the Applicant have entered into a written contract which (unless otherwise agreed to by the Company and the Applicant) provides that:

- 1) The total charge of the line extension, as set forth in the Statement of Additional Charges, will be paid by the Customer to cover the Company's costs of construction.

SECTION 7 LINE EXTENSIONS (continued)

1) The total estimated installed cost of such distribution facilities, exclusive of meters, services and exclusive of other costs as may be deemed as reasonable by the Company, is advanced to the Company as a refundable non-interest bearing cash deposit to cover the Company's cost of construction. In the event that the advance has not met the requirements for total refunding on or before the end of two (2) years from the date of installation of the Company's facilities, the advance shall further be utilized for reimbursement of the Company's cost of ownership as provided in ARTICLE NO. 8.C.3.b. In lieu of the refundable cash deposit, the Applicant may elect to execute a Deferred Construction Deposit Agreement secured by a bond or letter of credit in a form acceptable to the Company, equal to the deferred cash deposit, which guarantees the posting by the Applicant of the full cash deposit one (1) to four (4) years subsequent to the completion of construction of the Company's facilities. Letters of credit and bonds will not be acceptable where the original cash deposit would be less than one thousand dollars (\$1,000.00).

- 2) Refundable advances will become non-refundable at such time and in such manner provided in ARTICLE NO. 8.C.3.b.

- 3) The will be responsible for ownership costs at such time and in such manner as provided in ARTICLE NO. 8.C.3.b.

4) Where required line facilities within a subdivision exceed an average of five hundred (500) feet per lot, a nonrefundable cash amount equal to that portion of the total estimated installed cost represented by those required line facilities in excess of five hundred (500) feet per lot average shall be paid to the Company.

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5) Where line facilities within a subdivision are provided for the operation of unmetered area lights, the Company may elect to retain ownership of said facilities for a maximum of two years unless otherwise agreed to in the written contract between the Company and the Applicant.

6) 2 Underground Installations - Extensions of ~~single phase~~ electric lines necessary to furnish permanent electric service to new residential buildings or mobile homes within a subdivision, in which facilities for electric service have not been constructed, for which applications are made by a developer ~~shall~~ will be installed underground in accordance with the provisions set forth in this regulation except where it is not feasible from an engineering, ~~or operational, or economic~~ standpoint. Extensions of ~~single phase~~ underground distribution lines necessary to furnish permanent electric service within a new single family and/or multi-family residential subdivision will be made by the Company in advance of receipt of applications for service by permanent Customers in accordance with the following provisions (unless otherwise agreed to by the Company and the Applicant):

i. The subdivider or other Applicant ~~shall~~ will provide at its expense the trenching, conduit, conduit installation, backfilling (including any imported backfill required), compaction, repaving, landscape restoration and any earthwork for pull boxes and transformer pad sites required to install the underground electric system, all in accordance with the specifications and schedules of the Company. ~~Prior to the developer starting trenching on a project, the Company will advise the developer of the maximum amount of trench it will inspect each day on that project and select a mutually agreeable trench opening date. Within a 24-hour workday after the trench opening date, the Company will inspect up to the agreed upon footage of trench and if necessary similar footages on each subsequent workday. If the Company has not installed cable in an open trench within three working daybusiness days after the date the trench was inspected and approved for installation of cable, the Company will then provide any repairs of the trench necessary for proper installation of its cable. At its option, the Company may elect at the Applicant's expense to perform the activities necessary to fulfill the Applicant's responsibility hereunder, provided the expense to the Applicant is equal to or less than that which would otherwise be borne.~~

ii. Underground service will be installed, owned, operated and maintained as provided in ARTICLE ~~NO. Section 76~~ of these Rules and Regulations.

iii. ~~Any underground electric distribution system requiring more than single phase service is not governed by this ARTICLE NO. 8.C.3, but rather shall be constructed pursuant to this ARTICLE NO. 8.S.~~

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c) Method of Refund

On or after two (2) years subsequent to the installation of the Company's facilities, and thereafter every six (6) months, the Company will review the status of a subdivision to determine the percentage ratio that the number of lots or service locations occupied by permanent Customers bears to the total number of lots or service locations to be served by the extensions made within the subdivision. Refunds will be made prior to the actual occupancy by a permanent Customer if the lot or service location has been substantially completed so that in the judgment of the Company permanent occupancy will occur within a reasonable time. Such periodic review will continue until either: 1) the calculated ratio equals a maximum of seventy-five percent (75%) at which time the total refund will be made to the Applicant; or 2) a ten (10) year period subsequent to the completion of installation of the Company's facilities elapses. For purposes of computation of all charges and refundable deposit requirements under these Rules and Regulations, the installation of the Company's facilities shall be that date upon which the construction is determined to be completed and the facilities are entered into the Company records of Plant and Property or, in case the developer has failed to complete backfill on underground installations, six (6) months after the installation of underground cable is completed, whichever comes first. The percentage ratio determined at the time of each review multiplied by the total refundable advance, less applicable cost of ownership charges previously deducted, if any, shall represent that portion of the advance qualified for refund. If the foregoing calculation indicates a refund is due, an appropriate refund of cash deposit, or reduction of the cash deposit requirement at the end of the deferral period in those cases where a Deferred Construction Deposit Agreement has been executed, will be made.

Refunds of cash deposits, less applicable cost of ownership charges, if any, will also be made by the Company within ninety (90) days following receipt of written notice from the developer requesting payment of earned refund, provided that the earned refund due represents a minimum of twenty percent (20%) of the total amount of the advance. Furthermore, if at any time a maximum of seventy-five percent (75%) or more of the total refundable advance qualifies for refund, any balance of the advance remaining, after applicable cost of ownership charges, if any, have been deducted, will be refunded. No payment will be made of the Company in excess of the total refundable advance less applicable cost of ownership charges, if any, nor after a period of ten (10) years subsequent to the completion of construction of the Company's facilities. Any unrefunded amount remaining at the end of the ten (10) year period will become nonrefundable and the property of the Company.

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SECTION 7 LINE EXTENSIONS (continued)

In the event that any portion of an advance has not qualified for refund at the time of each review, the developer will be responsible for the Company's cost of ownership charges based on the average (mean) of the electric facilities represented by:

10. that portion of the advance not qualified for refund at the time of current review; and
11. that portion of the advance not qualified for refund at the time of the last periodic review.

When the advance is in the form of a cash deposit, the semi-annual cost of ownership charges shall be equal to the average of (1) and (2) above multiplied by five and one-half percent (5-1/2%). When the advance is in the form of a Deferred Construction Deposit, the semi-annual cost of ownership charges shall be equal to (1) and (2) above multiplied by the sum of five and one-half percent (5-1/2%) plus one-half of the original cost equivalent of the rate of return, expressed as a percent, last allowed to the Company by the Commission. Payment of such cost of ownership charges, which shall be computed and paid at the time of each review after the initial review, will be made in the following manner:

When the advance is in the form of a cash deposit, a deduction of cost of ownership charge will be made by the Company from the cash deposit.

When the advance is in the form of a Deferred Construction Deposit, the Company shall bill and developer shall pay to Company said cost of ownership charge. In the event that the Applicant fails to pay the cost of ownership charge when due, the Company will exercise its rights provided for in the Deferred Construction Deposit, and will call the bond or letter of credit.

The portion of the original advance on which cost of ownership charges are computed will not be reduced for purposes of that computation by amounts deducted previously for cost of ownership charges.

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SECTION 7 LINE EXTENSIONS (continued)

3)3. Underground Extensions to Individual Applicants and the Perimeter of Duly Recorded Real Estate Subdivisions

a)a. General

Underground line extensions will generally be made only where mutually agreed upon by the Company and the Applicant, or in areas where the Company does maintain underground distribution facilities for its operating convenience.

1) The total charge of the line extension, as set forth in the Statement of Additional Charges, will be paid by the Customer to cover the Company's cost of construction.

2) Underground extensions will be installed, owned, operated and maintained by the Company.

~~1) Normally, underground extensions will be installed, owned, operated and maintained by the Company provided the Applicant pays in advance a non-refundable sum equal to the estimated difference between the cost, exclusive of meters and services, of the underground extension and an equivalent overhead extension.~~

~~1) In addition to the non-refundable sum, the Applicant shall (unless otherwise agreed to by the Company and the Applicant) make such refundable deposit as otherwise would have been required under these Rules and Regulations if the extension had been made by overhead construction.~~

~~2)3) Where mutually agreed upon by the Company and the Applicant, all or a portion of the Applicant's obligation for payment of the non-refundable sum provided in subsection a., above, may be met by the installation by the Applicant of a portion or all of the required underground duct system (including all or a portion of the necessary trenching, backfilling, conduits, ducts, transformer and equipment pads, manholes, and pull boxes) in accordance with the Company's specifications and subject to the Company's inspection and approval. Upon acceptance and approval by the Company, the Applicant will grant to the Company the exclusive right to use and occupy said duct system or, at the option of the Company, will transfer ownership thereof to the Company.~~

~~4) Refunds of cash deposits shall be made in the same manner as provided for overhead extensions to individual Applicants for service, in accordance with the applicable provisions of ARTICLE NO. 8, Section C.~~

3)4) Underground services shall will be installed, owned, operated and maintained as provided in ARTICLE NO. Section 67 of these Rules and Regulations.

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SECTION 7 LINE EXTENSIONS (continued)

4)4. Replacement of Overhead with Underground Distribution Facilities

- a. Where a Customer has requested that existing overhead distribution facilities be replaced with underground distribution facilities, the total cost of such replacement will be paid by the Customer.

In areas affected by public interest, the Company may, at its expense, replace its existing overhead distribution facilities with underground facilities along public streets, roads and alleys which the Company has the legal right to occupy and on public lands and private property across which rights-of-way satisfactory to the Company may be obtained without cost or condemnation by the Company, provided that:

The governing body of the city or town or of unincorporated areas of the county in which such distribution facilities are and will be located has:

- 2) Determined, after consultation with the Company and after holding public hearings on the subject, that such undergrounding is in the general public interest for one or more of the following reasons:

A. Such undergrounding will avoid or eliminate unusually heavy concentration of overhead distribution facilities;

B. Said street, road, alley or right-of-way is in an area extensively used by the general public and carries a heavy volume of pedestrian or vehicular traffic;

C. Said street, road, alley or right-of-way adjoins or passes through a civic area or public recreation area or an area of unusual scenic interest to the general public.

- 3) Adopted an ordinance creating an underground district in the area requiring, among other things:

C. That all existing overhead communication and electric distribution facilities in such district shall will be removed;

D. That each property owner served from such electric overhead distribution facilities shall will provide, in accordance with the Company's rules for underground service, all electrical facility changes on his premises necessary to receive service from the underground facilities of the Company as soon as such are available; and

E. That the Company is authorized to discontinue its overhead service.

(b) — The Company's total annual expenditure for any calendar year for such undergrounding within any city or town or the unincorporated area of any county shall will not exceed two percent (2%) of the preceding year's revenue of the Company derived from:

1. — Customers therein who were served under the Company's electric rate schedules numbered 1, 2, 21 and 51; and

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2. The sale of electric energy to the city or town within its corporate limits, or where applicable to the county within the unincorporated area of the county.

Any unexpended portion of the two percent (2%) of such revenue may be carried forward at the discretion of the Company for up to two additional years and for a reasonable and necessary additional period of time in furtherance of any active undergrounding program. No funds will be carried over except for ongoing projects where the findings and ordinances as provided by subsection ARTICLE 78.C.4.b(1)(a) have been made by the governing body. Where amounts are not expended or carried over for conversion within the community to which they are initially allocated, the Company may assign same where additional participation on a project is warranted or reallocate same to projects within communities with active undergrounding programs. Where there is a carryover, the Company has the right to set, as determined by its capability, reasonable limits on the rates of performance of the work to be financed by the funds carried over. Any costs for the conversion of overhead facilities to underground required by reason of the provisions of any franchise or ordinance shall will be charged first against these budgeted funds. If, after installation, the underground distribution facilities constructed pursuant to this subsection are required to be moved, relocated or removed to avoid interference with public works or improvements and the Company is not reimbursed for the cost of such relocation or removal by the city, town, county or improvement district constructing such works, such cost shall will be charged against these budgeted funds. All engineering and estimating costs arising by reason of the request by the governing body of the city, town or county for preliminary cost information for potential underground districts shall will be charged against these budgeted funds. Except in those instances where the existing overhead facilities would in any event have to be relocated overhead at the cost of the Company by reason of street widening, change of grade, etc., the cost of conversion to be charged against these funds shall will include the net cost of retirement of the overhead facilities; i.e., the original cost of the overhead plant less accrued depreciation plus or minus the net cost of removal.

(c) The undergrounding shall will extend for a minimum distance of one (1) block or six hundred (600) feet, whichever is the lesser.

(2) In circumstances other than those covered by subsection a., above, the Company will replace its existing overhead distribution facilities with underground distribution facilities along public streets, roads and alleys which the Company has the legal right to occupy, and on public lands and private property across which rights of way satisfactory to the Company may be obtained without cost or condemnation by the Company, when requested by a Customer or Customers where all of the following conditions are met:

(a) 1. All property owners served from the overhead facilities to be removed first agree in writing to perform the wiring changes on their premises so that service may be furnished from the underground distribution system in accordance with the Company's Rules and Regulations and that the Company may discontinue its overhead service upon completion of the underground facilities; or,

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- _____ 2. Suitable legislation is in effect requiring such property owners to make such necessary wiring changes and authorizing the Company to discontinue its overhead service.
- _____ (b) The Customer has:
- _____ 1. Paid a nonrefundable sum equal to the remaining undepreciated original cost of the existing overhead electric facilities to be removed plus the cost of removal of such overhead electric facilities less the salvage value of the facilities removed;
- _____ 2. Furnished and installed the pads and vaults for transformers and associated equipment, conduit, ducts, pull boxes, and performed other work related to structures and substructures, including breaking of pavement, trenching, backfilling and repaving required in connection with the installation of the underground system, all in accordance with the Company's specifications or, in lieu thereof, paid the Company to do so;
- _____ 3. Upon acceptance and approval of the facilities by the Company, granted to the Company the exclusive right to use and occupy same or, at the option of the Company, transferred ownership of such facilities in good condition to the Company; and,
- _____ 4. Paid a nonrefundable sum equal to the excess, if any, of the estimated costs exclusive of meters and services of completing the underground system and building a new equivalent overhead system.
- _____ (c) The area to be undergrounded shall include both sides of a street, road, alley or right-of-way for at least one (1) block or six hundred (600) feet, whichever is the lesser, and all existing overhead communication and electric distribution facilities within the area will be removed.
- _____ (d) Payment of these costs to the Company in advance of construction shall not be required where an improvement district has been formed pursuant to A.R.S. 1968, Chapter 160, Section 2, Article 6.1, 40-341 through 40-356, thereby securing payment of Customer costs.
- (3) Unless otherwise agreed to by the Company and the Applicant, in circumstances other than those covered by subsections a. or b., above, where mutually agreed upon by the Company and a Customer, overhead distribution facilities may be replaced with underground distribution facilities provided the Customer requesting the change pays, in advance, a nonrefundable sum equal to the remaining undepreciated original cost of the existing overhead electric facilities to be removed plus the cost of removal of such overhead electric facilities less the salvage value of the facilities removed. In addition, the Customer must comply with the requirements set forth in ARTICLE NO. 8 subsection 7.C.4.b(2)(b) paragraphs 2., 3. and 4.
- (4) The term "underground distribution system" means an electric distribution system with pad-mounted or underground transformers, at the Company's option, with all wires installed underground except those wires in surface-mounted equipment enclosures. It shall not include poles, overhead wires and associated overhead structures used for the transmission of electric energy at nominal voltage in excess of 14,000 volts.
- (5) Underground services will be installed and maintained as provided in ARTICLE NO. Section 67 of these Rules and Regulations.
- 5)5. Conversion from Single-Phase to Three-Phase Service

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Where it is necessary to convert all or any portion of an existing underground distribution system from single-phase to three-phase service to a Customer, the total cost of such conversion shall will be paid by the Customer.

5.6. Long Term Rental Mobile Home Park, Townhouses, Condominiums and Apartment Complexes

Line extensions to long term rental mobile home parks, townhouses, condominiums and apartment complexes shall will be made by the Company under terms and conditions provided in ARTICLE NO. 8-Subsection 7.C.21. The Company will, when requested by the Customer, install, own and maintain internal distribution facilities and individual metering for said development in accordance with the provisions pertaining to duly recorded real estate subdivisions as stated in ARTICLE NO. 8 Subsection 7.C.32 hereof.

7. ~~6.~~—Special Conditions

(3)a. Prior to Improvement Contracts

Each subdivider or other Applicant for service requesting an extension ~~over the free distance, or~~ in advance of applications for service to permanent Customers, or in advance of completion of required site improvements shall will (unless otherwise agreed to by the Company and the Applicant) be required to execute contracts covering the terms under which the Company will install lines at the Applicant's own expense, or contracts covering line extensions for which advance deposits shall (unless otherwise agreed to by the Company and the Applicant be made in accordance with the provisions of these Rules and Regulations or of the applicable rate schedules.

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SECTION 7 LINE EXTENSIONS (continued)

b. Primary Service and Metering

The Company will provide primary service to a point of delivery, such point of delivery to be determined by the Company. The Customer will provide the entire distribution system (including transformers) from the point of delivery to the load. The system will be treated as primary service for the purposes of billing. The Company reserves the right to approve or require modification to the Customer's distribution system prior to installation, and the Company will determine the voltage available for primary service. Instrument transformers, metering riser poles and associated equipment to be installed and maintained by the Company will be at the Customer's expense.

(4)c. Advances under Previous Rules and Contracts

Amounts advanced under the conditions established by a rule previously in effect will be refunded in accordance with the requirements of such contract under which the advance was made.

(5)d. Extensions for Temporary Service

Extensions for temporary service or for operations of a speculative character or questionable permanency will not be charged the applicable line extension charges as set forth in the Statement of Additional Charges made under this ARTICLE NO. 8, but will be made in accordance with the provisions pertaining to temporary service.

(6)e. Exceptional Cases

Where unusual terrain, location, soil conditions, or other unusual circumstances make the application of these line extension rules impractical or unjust to either party or in the case of extension of lines of other than standard distribution voltage, service under such circumstances will be negotiated under special agreements specifying terms and conditions covering such extensions.

(7)f. Special or Excess Facilities

Under this rule, the Company shall will install only those facilities which it deems are necessary to render service in accordance with the rate schedules. Where the Customer requests facilities which are in addition to, or in substitution for, the standard facilities which the Company normally would install, the extra cost thereof shall will be paid by the Customer, unless otherwise agreed to by the Company and the Applicant.

(8)g. Unusual Loads

Line extensions to unusually small loads not consisting of a residence or permanent building (e.g. individual lights, wells, signs, etc.) will not be charged the applicable line extension charges as set forth in the Statement of Additional Charges granted the five hundred (500) foot free allowance but will instead be required to advance any costs of service in excess of their estimated two years annual revenue. Refunding will be according to ARTICLE NO. 8, Subsections 7.C.1.c.2) and 7.C.1.d.78.c(2).

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SECTION 7 LINE EXTENSIONS (continued)

D. Construction / Facilities Related Income Taxes

Any federal, state or local income taxes resulting from the receipt of a contribution in aid of construction in compliance with this rule is the responsibility of the Company and will be recorded as a deferred tax asset and reflected in the Company's rate base.

However, if the estimated cost of facilities for any line extension exceeds \$500,000, the Company shall require the Applicant to include in the contribution an amount (the "gross up amount") equal to the estimated federal, state or local income tax liability of the Company resulting from the contribution, computed as follows:

$$\text{Gross Up Amount} = \frac{\text{Estimated Construction Cost}}{(1 - \text{Combined Federal-State-Local Income Tax Rate})}$$

After the Company's tax returns are completed, and actual tax liability is known, to the extent that the computed gross up amount exceeds the actual tax liability resulting from the contribution, the Company shall refund to the Applicant an amount equal to such excess, or collect the additional amount from the Applicant. When a gross-up amount is to be obtained in connection with an extension agreement, the contract will state the tax rate used to compute the gross up amount, and will also disclose the gross-up amount separately from the estimated cost of facilities. In subsequent years, as tax depreciation deductions are taken by the Company on its tax returns for the constructed assets with tax bases that have been grossed-up, a refund will be made to the Applicant in an amount equal to the related tax benefit. In lieu of scheduling such refunds over the remaining tax life of the constructed assets, a reduced lump sum refund may be made at the end of five (5) years at the election of either the Company or the Applicant. This lump sum payment shall reflect the net present value of remaining tax depreciation deductions discounted at the Company's authorized rate of return.

E. Transition Period for Elimination of Free Footage

From the effective date of these Rules and Regulations, there is a six (6) month grace period for Customers, developers and subdividers to execute a line extension agreement or receive approval on a new service application from the Company in order to be eligible for the line extension policy in effect between March 14, 2000 and [redacted]. Those new applicants must make provisions for the Company to install and energize the extension and service facilities within eighteen (18) months from the date of their respective agreement and/or application. In addition, all existing approved line extension agreements and service applications will be grandfathered in under the policy in effect from March 14, 2000 to [redacted]. Grandfathered Customers must make provisions for the Company to install and energize the extension and service facilities within eighteen (18) months from the effective date of these Rules and Regulations or they will be subject to the new line extension policy.

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SECTION 8 PROVISION OF SERVICE

ARTICLE NO. 9 - PROVISION OF SERVICE

G.A. Company Responsibility

1. The Company ~~shall~~will be responsible for the safe transmission and distribution of electricity, ~~as set forth in the standards specified in ARTICLE NO. 9.E,~~ until it passes the point of delivery to the Customer.
2. The Company ~~shall~~will be responsible for maintaining in safe operating condition, ~~as set forth in the standards specified in ARTICLE NO. 9.E,~~ all meters, equipment and fixtures installed on the Customer's premises by the Company for the purpose of delivering electric service to the Customer. The Company, however, will not be responsible for the condition of meters, equipment, and fixtures damaged or altered by the Customer.
3. The Company may, at its option, refuse service until the Customer has obtained all required permits and/or inspections indicating that the Customer's facilities comply with local construction and safety standards, including any applicable Company specifications.

3)B. Customer Responsibility

- a)1. Each Customer ~~shall~~will be responsible for maintaining in safe operating condition all Customer facilities on the Customer's side of the point of delivery.
- b)2. Each Customer ~~shall~~will be responsible for safeguarding all Company property installed in or on the Customer's premises for the purpose of supplying utility service to that Customer.
- c)3. Each Customer ~~shall~~will exercise all reasonable care to prevent loss or damage to Company property, excluding ordinary wear and tear. The Customer ~~shall~~will be responsible for loss of, or damage to, Company property on the Customer's premises arising from neglect, carelessness, misuse, diversion or tampering and ~~shall~~will reimburse the Company for the cost of necessary repairs or replacements.
- d)4. Each Customer, regardless of who owns the meter, ~~shall~~will be responsible for payment for any equipment damage and/or estimated unmetered usage and all reasonable costs of investigation resulting from unauthorized breaking of seals, interfering, tampering or bypassing the utility meter.
- e)5. Each Customer ~~shall~~will be responsible for notifying the Company of any equipment failure identified in the Company's equipment.

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SECTION 8 PROVISION OF SERVICE (continued)

6. Each Customer ~~shall~~will be responsible for informing the Company of, and meeting the Company's requirements regarding, On-site Generation ~~that~~ the Customer or its agent intends to interconnect to the Company's transmission and distribution system.

7. The Customer, at his expense, may install, maintain and operate ~~at his expense such check-measuring~~ equipment as desired and of a type approved by the Company, provided that such equipment ~~shall~~will be installed so as not to interfere with operation of the Company's equipment, and provided that no electric energy ~~shall~~will be re-metered or sub-metered for resale to another or to others, except where such re-metering ~~shall~~will be done in accordance with the applicable orders of the Commission.

4)C. Continuity of Service

The Company ~~shall~~will make reasonable efforts to supply a satisfactory and continuous level of service. However, the Company ~~shall~~will not be responsible for any damage or claim of damage attributable to any interruption or discontinuation of service resulting from:

1. Any cause against which the Company could not have reasonably foreseen or made provision for (*i.e.*, force majeure);
2. Intentional service interruptions to make repairs or perform routine maintenance; or
3. Curtailment, including brownouts or blackouts.

1. Failure of equipment owned and/or installed by the ESP, its agent, or the.

5)D. Service Interruptions

a)1. The Company ~~shall~~will make reasonable efforts to reestablish service within the shortest possible time when service interruptions occur.

b)2. When the Company plans to interrupt service for more than four (4) hours to perform necessary repairs or maintenance, the Company ~~shall~~will attempt to inform affected Customers at least twenty-four (24) hours in advance of the scheduled date, and ~~thesesuch~~ repairs ~~shall~~will be completed in the shortest possible time to minimize the inconvenience to the Customers of the Company.

3. In the event of a national emergency or local disaster resulting in disruption of normal service, the Company may, in the public interest, interrupt service to other Customers to provide necessary service to civil defense or other emergency service agencies on a temporary basis until normal service to these agencies can be restored.

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SECTION 8 PROVISION OF SERVICE (continued)

- e)4. The Commission ~~shall~~will be notified of interruption in service affecting the entire system or any major division thereof. The interruption of service and cause ~~shall~~will be reported by telephone to the Commission within four (4) hours after the responsible representative of the Company becomes aware of said interruption. A written report to the Commission ~~shall~~will follow.

E. Interruption of Service and Force Majeure

1. The Company shall will make reasonable provision to supply a satisfactory and continuous electric service, but does not guarantee a constant or uninterrupted supply of electricity. The Company shall will not be liable for any damage or claim of damage attributable to any temporary, partial or complete interruption or discontinuance of electric service attributable to a force majeure condition as set forth at SubsARTICLE NO.ctions 8.E.4. and 8.E.5.-12, or to any other cause which the Company could not have reasonably foreseen and made provision against, or which, in the Company's judgment, is necessary to permit repairs or changes to be made in the Company's electric generating, transmission or distribution equipment or to eliminate the possibility of damage to the Company's property or to the person or property of others.
2. Whenever the Company deems that a condition exists to warrant interruption or limitation in the service being rendered, this such interruption or limitation shall will not constitute a breach of contract and shall will not render the Company liable for damages suffered thereby or excuse the Customer from further fulfillment of the contract.
3. The use of electric energy upon the premises of the Customer is at the risk of the Customer. The Company's liability shall will cease at the point where its facilities are connected to the Customer's wiring.
4. Neither the Company nor the Customer shall will be liable to the other for any act, omission or circumstances (including, with respect to the Company, but not limited to, inability to provide service) occasioned by or in consequence of the following:
 - a. flood, rain, wind, storm, lightning, earthquake, fire, landslide, washout or other acts of the elements;
 - b. accident or explosion;
 - c. war, rebellion, civil disturbance, mobs, riot, blockade or other act of the public enemy;
 - d. acts of God;
 - e. interference of civil and/or military authorities;
 - f. strikes, lockouts or other labor difficulties;
 - g. vandalism, sabotage or malicious mischief;

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SECTION 8 PROVISION OF SERVICE (continued)

- h. usurpation of power, or the laws, rules, regulations or orders made or adopted by any regulatory or other governmental agency or body (federal, state or local) having jurisdiction of any of the business or affairs of the Company or the Customer, direct or indirect;
 - i. breakage or accidents to equipment or facilities;
 - j. lack, limitation or loss of electrical or fuel supply; or
 - k. any other casualty or cause beyond the reasonable control of the Company or the Customer, whether or not specifically provided herein and without limitation to the types enumerated, and which by the exercise of due diligence such party is unable to prevent or overcome,
- i.5. A failure to settle or prevent any strike or other controversy with employees or with anyone purporting or seeking to represent employees shall not be considered to be a matter within the control of the Company.
6. Nothing contained in this Section will excuse the Customer from the obligation of paying for electricity delivered or services rendered.

B-F. General Liability

- 1. Company will not be responsible for any third-party claims against Company that arise from Customer's use of Company's electricity.
- 2. Customer will indemnify, defend and hold harmless the Company (including the costs of reasonable attorney's fees) against all claims (including, without limitation, claims for damages to any business or property, or injury to, or death of, any person) arising out of any act or omission of the Customer, or the Customer's agents, in connection with the Company's service or facilities.
- a.3. The liability of the Company for damages of any nature arising from errors, mistakes, omissions, interruptions, or delays of the Company, its agents, servants, or employees, in the course of establishing, furnishing, rearranging, moving, terminating, or changing the service or facilities or equipment will not exceed an amount equal to the charges applicable under the Company's Pricing Plans (calculated on a proportionate basis where appropriate) to the period during which the error, mistake, omission, interruption or delay occurs.
- 4. In no event will the Company be liable for any incidental, indirect, special, or consequential damages (including lost revenue or profits) of any kind whatsoever regardless of the cause or foreseeability thereof.
- 5. The Company will not be responsible in an occasion for any loss or damage occasion or caused by the negligence or wrongful act of the Customer or any of his agents, employees or licensees in installing, maintaining, using, operating or interfering with any electric facilities.

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SECTION 8 **PROVISION OF SERVICE** **(continued)**

G.G. Construction Standards and Safety

The Company ~~shall~~will construct all facilities in accordance with the provision of the ANSI C2 Standards (National Electric Safety Code, ~~1997~~1990 edition, and other amended editions as are adopted by the Commission), the ~~1995~~1989 ANSI B.31.1 Standards, the ASME Boiler and Pressure Vessel Code, and other applicable American National Standards Institute Codes and Standards, except for such changes as may be made or permitted by the Commission from time to time. In the case of conflict between codes and standards, the more rigid code or standard will apply.

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SECTION 9

CHARACTER OF SERVICE - VOLTAGE, FREQUENCY AND PHASE

ARTICLE NO. 10 - VOLTAGE, FREQUENCY AND PHASE

G.A. Electric energy furnished under these Rules and Regulations will be alternating current, sixty (60) hertz single or three-phase, at the standard, nominal voltages specified by the Company. The following nominal voltages are available on the Company's system:

1. Residential Customers: 120/240 volts single-phase
2. General Service or Light and Power Customers:
 - a. Single-Phase: 120/240 volts (all areas)
 - b. Three-Phase:
 - d.1) 120/240 volts 4 wire delta (from overhead system only)*
 - e.2) 240/480 volts 4 wire delta (from overhead system only)*
 - f.3) 120/208 volts 4 wire wye
 - g.4) 277/480 volts 4 wire wye

* This may be available in some existing underground areas.

H.B. The primary voltage supplied will depend on the Customer's load and the system voltage available at that location; it will be specified by the Company. Normally, this will be one of the following nominal distribution or sub-transmission voltages: ~~2400/4160 volts 4 wire wye~~, 7970/13800 volts 4 wire wye, or 46,000 volts 3 wire delta. The actual standard nominal voltages available to a specific Customer will depend on location, load, and type of system in the area and will be specified by the Company.

I.C. A Customer must meet certain minimum load requirements in order to qualify for three-phase service under ARTICLE NO. Section -78.

D. The Company does not guarantee the constancy of its voltage or frequency, nor does it guarantee against its loss of one or more phases in a three-phase service. The Company will not be responsible for any damage to the Customer's equipment caused by any or all of these occurrences brought about by circumstances beyond its control.

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SECTION 9 CHARACTER OF SERVICE - VOLTAGE, FREQUENCY AND PHASE (continued)

E. Motor Protection

The following protective apparatus, to be provided by the Customer, is required on all motor installations:

1. No-Voltage Protection: Motors that cannot be safely subjected to full voltage at starting must be provided with a device to insure that upon failure of voltage, the motors will be disconnected from the line. Said device should be provided with a suitable time delay relay.
2. Overload Protection: All motors whose voltage does not exceed 750 volts are to be provided with approved fuses of proper rating. Where the voltage exceeds 750 volts, protective devices are to be provided. In these cases it will be found desirable to install standard switching equipment. The installation of overload relays and no-voltage releases is recommended on all motors, not only as additional protection, but as a means of reducing the cost of refusing.
3. Phase Reversal: Reverse phase relays and circuit breakers or equivalent devices are recommended on all polyphase installations to protect the installation in case of phase reversal or loss of one phase

F. Load Fluctuation and Balance

1. Interference with Service: The Company reserves the right to refuse to supply loads of a character that may seriously impair service to any other Customers. In the case of hoist or elevator motors, welding machines, furnaces and other installations of like character where the use of electricity is intermittent or subject to violent fluctuations, the Company may require the Customer to provide at the Customer's own expense suitable equipment to reasonably limit those fluctuations.
2. The Company has the right to discontinue electric service to any Customer who continues to use appliances or other devices, equipment and apparatus detrimental to the service after the Company notifies the Customer of his or her causing detriment to the service.
3. Allowable Instantaneous Starting Current Values: The instantaneous starting current (determined by tests or based on limits guaranteed by manufacturers) drawn from the line by any motor must not exceed a value (as determined by the Company) that may be deemed detrimental to the normal operation of the system. If the starting current of the motor exceeds that value, a starter must be used or other means employed to limit the current to the value specified. A reduced voltage starter may be required for polyphase motors.
4. When three-phase service supplied under a power rate includes incidental lighting, the Customer will supply any necessary lighting transformers and arrange its lighting to give a substantially balanced three-phase load.

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SECTION 9 CHARACTER OF SERVICE - VOLTAGE, FREQUENCY AND PHASE (continued)

G. Customer Responsibility for Equipment Used in Receiving Electric Energy

No statement or requirement in these Rules and Regulations can be construed as the assumption of any liability by the Company for any wiring of electrical equipment or the operation of same, installed in, upon, or about the Customer's premises, nor will the Company be responsible for any loss or damage occasioned or caused by the negligence, want of proper care or wrongful act of the Customer, or any of the Customer's agents or employees or licenses on the part of the Customer in installing, maintaining, using, operating, or interfering with any such wiring, machinery or apparatus.

ARTICLE NO. 11 - INTERRUPTION OF SERVICE

- A. The Company shall make reasonable provision to supply a satisfactory and continuous electric service, but does not guarantee a constant or uninterrupted supply of electricity. The Company shall not be liable for any damage or claim of damage attributable to any temporary, partial or complete interruption or discontinuance of electric service attributable to a force majeure condition as set forth at ARTICLE NO. 12, or to any other cause which the Company could not have reasonably foreseen and made provision against, or which, in the Company's judgment, is necessary to permit repairs or changes to be made in the Company's electric generating, transmission or distribution equipment or to eliminate the possibility of damage to the Company's property or to the person or property of others.
- B. Whenever the Company deems a condition exists which warrants interruption or limitation in the service being rendered, such interruption or limitation shall not constitute a breach of contract and shall not render the Company liable for damages suffered thereby or excuse the customer from further fulfillment of the contract.
- B. The use of electric energy upon the premises of the customer is at the risk of the customer. The Company's liability shall cease at the point where its facilities are connected to the customer's wiring.

ARTICLE NO. 12 - FORCE MAJEURE

- A. Neither the Company nor the customer shall be liable to the other for any act, omission or circumstances (including, with respect to the Company, but not limited to, inability to provide service) occasioned by or in consequence of flood, rain, wind, storm, lightning, earthquake, fire, landslide, washout or other acts of the elements, or accident or explosion, or war, rebellion, civil disturbance, mobs, riot, blockade or other act of the public enemy, or acts of God, or interference of civil and/or military authorities, or strikes, lockouts or other labor difficulties, or vandalism, sabotage or malicious mischief, or usurpation of power, or the laws, rules, regulations or orders made or adopted by any regulatory or other governmental agency or body (federal, state or local) having jurisdiction of any of the business or affairs of the Company or the customer, direct or indirect, or breakage or accidents to equipment or facilities, or lack, limitation or loss of electrical or fuel supply, or any other casualty or cause beyond the reasonable control of the Company or the customer, whether or not specifically provided herein and without limitation to the types enumerated, and which by the exercise of due diligence such party is unable to prevent or overcome; provided, however, that nothing contained herein shall excuse the customer from the obligation of paying for electricity delivered or services rendered.
- B. A failure to settle or prevent any strike or other controversy with employees or with anyone purporting or seeking to represent employees shall not be considered to be a matter within the control of the Company.

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SECTION 10 METER READING

ARTICLE NO. 13--METER READING

3.A. Company or Customer Meter Reading

D.1. The Company may, at its discretion, allow for Customer reading of meters.

E.2. It ~~shall~~will be the responsibility of the Company to inform the Customer how to properly read his or her meter.

F.3. Where a Customer reads his or her own meter, the Company will read the Customer's meter at least once every six (6) months.

G.4. The Company ~~shall~~will provide the Customer with postage-paid cards or other methods to report the monthly reading to the Company.

H.5. The Company ~~shall~~will specify the timing requirements for the Customer to submit his or her monthly meter reading to conform ~~with~~to the Company's billing cycle.

I.6. In the event the Customer fails to submit the reading on time, the Company may issue the Customer an estimated bill.

J.7. Meters ~~shall~~will be read monthly on as close to the same day as practical.

4.B. Measuring of Service

1. All energy sold to Customers and all energy consumed by the Company, except that sold according to fixed charge schedules, ~~shall~~will be measured by commercially acceptable measuring devices owned and maintained by the Company. ~~This subsection will not apply, except where it is impractical to install meters, such as street lighting or security lighting, or where otherwise authorized by the Commission.~~
2. When there is more than one meter at a location, the metering equipment ~~shall~~will be so tagged or plainly marked as to indicate the circuit metered or metering equipment in accordance with Subsection 3.C.8.
3. Meters which are not direct reading ~~shall~~will have the multiplier plainly marked on the meter.
4. All charts taken from recording meters ~~shall~~will be marked with the date of the record, the meter number, Customer, and chart multiplier.
5. Metering equipment ~~shall~~will not be set "fast" or "slow" to compensate for supply transformer or line losses.

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SECTION 10 METER READING (continued)

5.C. Customer Requested Rereads

A.1. The Company ~~shall~~will, at the request of a Customer, reread that Customer's meter within ten (10) ~~working~~business days after ~~the~~such request by the Customer.

B.2. Any reread may be charged to the Customer at a rate set forth in the Statement of Additional Charges, if the ~~original reading was not in error. Any requested re-reads shall be authorized as a flat charge of \$10.00 to the~~original reading is found to be correct.

C.3. When a reading is found to be in error, ~~the Company will not charge the Customer for the reread~~the reread shall be at no charge to the.

5.D. Access to Customer Premises

At all times, the Company ~~shall~~will have the right of safe ingress to and egress from the Customer's premises at all reasonable hours for any purpose reasonably connected with the Company's property used in furnishing service and the exercise of any and all rights secured to it by law or these rules.

6.E. Meter Testing and Maintenance Program

1. The Company ~~shall~~will replace any meter found to be damaged or associated with an inquiry into its accuracy, whether initiated by the Customer or Company, and which has been in service for more than sixteen years. Replaced meters ~~shall~~will be tested for accuracy and ~~shall~~will be acceptable if found to have an error margin within plus or minus three percent ($\pm 3\%$).

2. The Company ~~shall~~will file an annual report with the Commission summarizing the results of the meter maintenance and testing program for that year. At a minimum, the report should include the following data:

a. Total number of meters tested at Company initiative or upon Customer request.

b. Number of meters tested which were outside the acceptable error allowance of $\pm 3\%$.

6.F. Customer Requested Meter Tests

The Company will test a meter upon Customer request and the Company will be authorized to charge the Customer for the meter test. The charge for the meter test is set forth in the Statement of Additional Charges. However, if the meter is found to be in error by more than three percent (3%), then no meter testing fee will be charged to the Customer.

~~1. The Company shall test a meter upon request and may charge the a flat charge of \$40.00 if the meter is found to be accurate within the specified percentages. However, if the meter is found to be in error by more than three percent (3%), no meter testing fee will be charged to the.~~

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SECTION 10 METER READING (continued)

G. Demands

1. The Customer's demand may be measured by a demand meter, under all rate schedules involving billings based on demand, unless appropriate investigation or tests indicate that the Customer's demand will not be such as to require a demand meter for correct application of the rate schedule. In cases where billings under a rate schedule requiring determination of the Customer's demand must be made before a demand meter can be installed, such billings may be made on an estimated demand basis pending installation of the demand meter; provided, however, that billings made on the basis of estimated demands will be appropriately adjusted, if indicated to be greater or less than the actual demands recorded after the demand meter is installed.
2. Demand meters may be installed at any metering location if the nature of the Customer's equipment and operation is such as to indicate that a demand meter is required for correct application of the rate schedule.
- 2.3. All demands used for billing purposes will be recorded, or computed to the nearest whole kW.

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SECTION 11 BILLING AND COLLECTION

a.A. Frequency and Estimated Bills

1. The Company ~~shall~~will bill monthly for services rendered. Meter readings ~~shall~~will be scheduled for periods of not less than twenty-five (25) days or more than thirty-five (35) days.
2. If the Company is unable to read the meter on the scheduled meter read date, the Company will estimate the consumption for the billing period giving consideration to the following factors where applicable:
 - a. The Customer's usage during the same month of the previous year.
 - b. The amount of usage during the preceding month.
3. After the second consecutive month of estimating the Customer's bill for reasons other than severe weather, the Company will attempt to secure an accurate reading of the meter.
4. Failure on the part of the Customer to comply with a reasonable request by the Company for access to its meter may lead to the discontinuance of service.
5. Estimated bills will be issued only under the following conditions:
 - 1-a. Failure of a Customer who read his own meter to deliver his meter reading card to the Company, in accordance with the requirements of the Company billing cycle.
 - 2-b. Severe weather conditions, emergencies or work stoppages that prevent the Company from reading the meter.
 3. Circumstances that make it dangerous or impossible to read the meter, including locked gates, blocked meters
 - 4-c. meters, vicious or dangerous animals, or any force majeure condition as listed in Subsections 8.E.4 and 8.E.5.
6. Each bill based on estimated usage will indicate that it is an estimated bill~~will be identified as calculated.~~

b.B. Combining Meters, Minimum Bill Information

- E.1. Each meter at a Customer's premises will be considered separately for billing purposes, and the readings of two (2) or more meters will not be combined unless otherwise provided for in the Company's Pricing Plans.

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SECTION 11 BILLING AND COLLECTION (continued)

F-2. Each bill for residential service will contain the following minimum information:

1.a. Date and meter reading at the start of billing period or number of days in the billing period;

2.b. Date and meter reading at the end of the billing period;

3.c. Billed usage and demand (if applicable);

4.d. Rate schedule number;

5.e. Company telephone number;

6.f. Customer's name;

7.g. Service account number;

8.h. Amount due and due date;

9.i. Past due amount;

10.j. Adjustment ~~clause costs~~factor, where applicable;

11.k. ~~All applicable taxes~~Taxes; and

12.l. ~~The address~~ for the Arizona Corporation Commission.

a-C. Billing Terms

D-1. All bills for the Company's services are due and payable no later than ten (10) days from the date the bill is rendered. Any payment not received within this time frame ~~shall~~will be considered past due.

E-2. For purposes of this rule, the date a bill is rendered may be evidenced by:

1.a. The postmark date;

2.b. The mailing date; or

3.c. The billing date shown on the bill. However, the billing date ~~shall~~will not differ from the postmark or mailing date by more than two (2) days.

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SECTION 11 BILLING AND COLLECTION (continued)

F.3. All past due bills for the Company's services are due and payable within fifteen (15) days. Any payment not received within this time frame ~~shall~~will be considered delinquent and ~~will~~could incur a late payment finance charge.

G.4. All delinquent bills for which payment has not been received within five (5) days ~~shall~~will be subject to the provisions of the Company's termination procedures.

H.5. All payments of current amounts may be made at or mailed to the office of the Company or to the Company's duly authorized representative.

6. All payments of delinquent amounts ~~must~~shall be made in the office of the Company.

A.D. Applicable Pricing Plans, Time-of-Use Meters, Prepayment, Failure to Receive, Commencement Date, Taxes

1. Each Customer ~~will~~shall be billed under the applicable Pricing Plan ~~tariff~~ indicated in the Customer's application for service.
2. For a Customer taking service under a TEP Time-of-Use ("TOU") rate schedule, TEP may charge a fee based on the incremental cost of a TOU meter versus a non-TOU meter.
3. Customers may pay for electrical service by making advance payments.
4. Failure to receive bills or notices which have been properly placed in the United States mail ~~will~~shall not prevent ~~those~~such bills from becoming delinquent nor relieve the Customer of his obligations therein.
5. Charges for service commence when the service is installed and connection made, whether used or not.

F.E. Billing and Meter Error Corrections

1. If, after testing, any meter is found to be more than three percent (3%) in error, either fast or slow, proper correction between three percent (3%) and the amount of the error ~~shall~~will be made to previous readings and adjusted bills ~~shall~~will be rendered according to the following terms:
 - a. For the period of three (3) months immediately preceding the removal of such meter from service for test or from the time the meter was in service since last tested, but not exceeding three (3) months since the meter ~~shall~~will have been shown to be in error by such test.
 - b. From the date the error occurred, if the date of the cause can be definitely fixed.
2. No adjustment ~~shall~~will be made by the Company except to the Customer last served by the meter tested.

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SECTION 11 BILLING AND COLLECTION (continued)

1.F. Non-sufficient Funds ("NSF") Checks~~Returned Checks and Denied Electronic Funds Transfers~~

2.1. The Company will be allowed to recover a fee, as set forth in the Statement of Additional Charges, for each instance where a Customer tenders payment for electric service with an non-insufficient funds check. This fee will also apply when an electronic funds transfer ("EFT") is denied for any reason, including for lack of sufficient funds.

3.2. When the Company is notified by the Customer's bank or other financial institution that there are non-insufficient funds to cover the check, EFT or other financial instrument for electric service has been denied for any reason, the Company may require the Customer to make payment in cash, by money order, certified check, or other means which guarantee the Customer's payment to the Company.

4.3. A Customer who tenders an non-insufficient funds check, or for whom an EFT or other financial instrument has been denied will not be relieved of the obligation to render payment to the Company under the original terms of the bill nor defer the Company's provision for termination of service for nonpayment of bills.

4. No personal checks will be accepted if two (2) NSF checks have been received by the Company within a twelve-month period in payment of any billing.

a. The Company shall be allowed to recover a fee of ten dollars (\$10.00) for each instance where a check from a customer or other entity used to pay a bill for utility or other service is returned to the utility as uncollectible for any reason, or an electronic funds transfer (EFT) is denied for any reason, including for lack of sufficient funds.

b. When the Company is notified by the customer's or other entity's bank that a check has been returned or an EFT has been denied for any reason, the utility may require the customer or other entity to make payment in cash, by money order, certified check, or other means which guarantees the customer's or other entity's payment to the Company.

c. A customer or other entity who tenders an insufficient funds check or for whom an EFT is denied shall in no way be relieved of the obligation to render payment to the Company under the original terms of the bill nor defer the Company's provision for termination of service or penalties, as applicable, for nonpayment of bills.

2.G. Levelized Billing Plan

a.1. The Company may, at its option, offer its Customers a levelized billing plan.

b.2. If the Company offers a levelized billing plan, the Company will then it shall develop upon Customer request an estimate of the Customer's levelized billing for a twelve-month period based upon:

i.a. Customer's actual consumption history, which may be adjusted for abnormal conditions such as weather variations.

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| ii.b. For new Customers, the Company will estimate consumption based on the Customer's anticipated load requirements.

| iii.c. The Company's ~~tariff~~ Pricing Plan schedules approved by the Commission applicable to that Customer's class of service.

| e.3. The Company ~~shall~~ will provide the Customer a concise explanation of how the levelized billing estimate was developed, the impact of levelized billing on a Customer's monthly electric bill, and the Company's right to adjust the Customer's billing for any variation between the Company's estimated billing and actual billing.

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SECTION 11 BILLING AND COLLECTION (continued)

d.4. For those Customers being billed under a levelized billing plan, the Company ~~shall~~will show, at a minimum, the following information on the Customer's monthly bill:

i.a. Actual consumption;

ii.b. Amount due for actual consumption;

iii.c. Levelized billing amount due; and

iv.d. Accumulated variation in actual versus levelized billing amount.

e.5. The Company may adjust the Customer's levelized billing in the event the Company's estimate of the Customer's usage and/or cost should vary significantly from the Customer's actual usage and/or cost. ~~This~~Such review to adjust the amount of the levelized billing may be initiated by the Company or Customer.

3.H. Deferred Payment Plan

a.1. The Company may, prior to termination, offer to qualifying residential Customers a deferred payment plan for the Customer to retire unpaid bills for electric service.

b.2. Each deferred payment agreement entered into by the Company and the Customer, due to the Customer's inability to pay an outstanding bill in full, ~~shall~~will provide that service will not be discontinued if:

i.a. Customer agrees to pay a reasonable amount of the outstanding bill at the time the parties enter into the deferred payment agreement.

ii.b. Customer agrees to pay all future bills for electric service in accordance with the Company's billing and collection tariffs~~Pricing Plans of the Company~~.

iii.c. Customer agrees to pay a reasonable portion of the remaining outstanding balance in installments over a period not to exceed six (6) months.

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SECTION 11 BILLING AND COLLECTION (continued)

e.3. For the purpose of determining a reasonable installment payment schedule under these rules, the Company and the Customer ~~shall~~will give consideration to the following conditions:

i.a. Size of the delinquent account;

ii.b. Customer's ability to pay;

iii.c. Customer's payment history;

iv.d. Length of time the debt has been outstanding;

v.e. Circumstances which resulted in the debt being outstanding; and

vi.f. Any other relevant factors related to the circumstances of the Customer.

d.4. Any Customer who desires to enter into a deferred payment agreement ~~must do so before~~shall establish such agreement prior to the Company's scheduled termination date for nonpayment of bills. ~~The Customer's failure to execute a deferred payment agreement prior to the scheduled service termination date will~~shall not prevent the Company from ~~terminating~~discontinuing service for nonpayment.

e.5. Deferred payment agreements may be in writing and may be signed by the Customer and an authorized Company representative.

f.6. A deferred payment agreement may include a finance charge in an amount equal to the Company's actual or average cost of providing such arrangements.

g.7. If a Customer has not fulfilled the terms of a deferred payment agreement, the Company ~~has~~shall have the right to disconnect service pursuant to the Company's ~~Termination of Service Rules in Section 12~~and, under these such circumstances, it ~~will~~shall not be required to offer subsequent negotiation of a deferred payment agreement prior to disconnection.

4.I. Change of Occupancy

a.1. ~~To order service to be discontinued or to change occupancy, the Customer must give the Company at least three (3) business days advance notice in writing or by telephone, to discontinue service or to change occupancy. Not less than three (3) working day business days advance notice must be given in person, in writing, or by telephone at the Company's office to discontinue service or to change occupancy.~~

b.2. The outgoing Customer ~~party will~~shall be responsible for all electric services provided and/or consumed up to the scheduled turn-off date.

3. The outgoing Customer is responsible for providing access to the meter so that the Company may obtain a final meter reading.

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SECTION 11 **BILLING AND COLLECTION** (continued)

J. Electronic Billing

1. Electronic Billing is an optional billing service whereby Customers may elect to receive, view and pay their bills electronically. The Company may modify its Electronic Billing services from time to time. A Customer electing an electronic billing service may receive an electronic bill in lieu of a paper bill.
2. Customers electing an electronic billing service may be required to complete additional forms and agreements.
3. Electronic Billing may be discontinued at any time by Company or the Customer.
4. An Electronic Bill will be considered rendered at the time it is electronically sent to the Customer. Failure to receive bills or notices that have been properly sent by an Electronic Billing system does not prevent these bills from becoming delinquent and does not relieve the Customer of the Customer's obligations therein.
5. Any notices that the Company is required to send to the Customer who has elected an Electronic Billing service may be sent by electronic means at the option of the Company.
6. Except as otherwise provided in this subsection, all other provisions of the Company's Rules and Regulations and other applicable Pricing Plans are applicable to Electronic Billing.
7. The Customer must provide the Company with a current email address for electronic bill delivery. If the electronic bill is electronically sent to the Customer at the email address that the Customer provided to the Company, then the Electronic Bill will be considered properly sent. Further, the Customer will be responsible for updating the company with any changes to this email address. Failure to do so will not excuse the Customer from timely paying the Company for electric service.

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SECTION 12 TERMINATION OF SERVICE

ARTICLE NO. 16 - TERMINATION OF SERVICE

1.A. Non-permissible Reasons to Disconnect Service

a.1. The Company ~~shall~~will not disconnect service for any of the reasons stated below:

2.a. Delinquency in payment for services rendered to a prior Customer at the premises where service is being provided, except in the instance where the prior Customer continues to reside on the premises;

3.b. Failure of the Customer to pay for services or equipment which are not regulated by the Commission;

4.c. Nonpayment of a bill related to another class of service;

d. Failure to pay for a bill to correct a previous underbilling due to an inaccurate meter or meter failure if the Customer agrees to pay over a reasonable period of time;

5.e. Failure to pay the bill of another Customer as guarantor thereof; or

f. Disputed bills where the Customer has complied with the ACC's rules on Customer bill disputes.

a.2. The Company ~~shall~~will not terminate residential service for any of the reasons stated below where the Customer has an inability to pay and:

a. The Customer can establish through medical documentation that, in the opinion of a licensed medical physician, termination would be especially dangerous to the health of a Customer or permanent resident residing on the Customer's premises;

b. Life supporting equipment used in the home that is dependent on electric service for operation of this equipment~~such apparatus~~; or

c. Where weather will be especially dangerous to health as defined herein or as determined by the Commission.

b.3. Residential service to ill, elderly, or handicapped persons who have an inability to pay will not be terminated until all of the following have been attempted:

a. The Customer has been informed of the availability of funds from various government and social assistance agencies of which the Company is aware; and-

b. A third party previously designated by the Customer has been notified and has not made arrangements to pay the outstanding electric bill.

e.4. A Customer utilizing the provisions of Subsections 12.A.2e. or 12.A.3f. above may be required to enter into a deferred payment agreement with the Company within ten (10) days after the scheduled termination date.

i. ~~Failure to pay the bill of another customer~~Customer as guarantor thereof.

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ii. Disputed bills where the customer Customer has complied with the Commission's rules on customer Customer bill disputes.

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SECTION 12 TERMINATION OF SERVICE (continued)

B. Termination of Service Without Notice

1. Electric service may be disconnected without advance written notice under the following conditions:
 - a. The existence of an obvious safety or health hazard to the consumer, the general population or the Company's personnel or facilities;
 - b. The Company has evidence of meter tampering or fraud; ~~or~~
 - ~~b.c.~~ Failure of a Customer to comply with the curtailment procedures imposed by the Company during supply shortages.
2. The Company ~~shall~~will not be required to restore service until the conditions ~~that led to which resulted in the~~ termination have been corrected to the satisfaction of the Company.
3. The Company ~~shall~~will maintain a record of all terminations of service without notice for a minimum of one (1) year and ~~shall~~will be available for inspection by the Commission.

C. Termination of Service With Notice

2.1. The Company may disconnect service to any Customer for any reason stated below provided that the Company has met the notice requirements described in Subsection 12.E. below ~~established by the Commission~~:

G.a. Customer violation of any of the Company's tariffs Pricing Plans;

H.b. Failure of the Customer to pay a delinquent bill for electric service;

c. Failure of the Customer to meet agreed-upon deferred payment arrangements;

I.d. Failure to meet or maintain the Company's deposit requirements;

J.e. Failure of the Customer to provide the Company reasonable access to its equipment and property;

f. NSF Checks or denied EFTs;

K.g. Customer breach of a written contract for service between the Company and Customer;

L.h. When necessary for the Company to comply with an order of any governmental agency having such jurisdiction;

a. ~~Customer facilities which do not comply with Company requirements or specifications.~~

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i. The Company shall maintain a record of all terminations of service with notice for one (1) year and be available for Commission inspection.

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SECTION 12 TERMINATION OF SERVICE (continued)

- i. When a hazard exists that is not imminent, but in the Company's opinion, may cause property damage; or-
- j. Customer facilities that do not comply with Company requirements or specifications.
- 2. The Company shall will maintain a record of all terminations of service with notice for one (1) year and be available for Commission inspection.

D. The Company will not be obligated to renotify the Customer of the termination of service, even if the Customer - after receiving the required termination of service notification - has made payment, yet the payment is returned within three (3) to five (5) business days of receipt for any reason. The original notification will apply.

D.E. Termination Notice Requirements

A.1. The Company shall will not terminate service to any of its Customers without providing advance written notice to the Customer of the Company's intent to disconnect service, except under those conditions specified in Subsection 12.B. where advance written notice is not required.

B.2. This Such advance written notice will shall contain, at a minimum, the following information:

1.a. The name of the person whose service is to be terminated and the address where service is being rendered.

2.b. The Company's Pricing Plan tariff that was violated and explanation of the violation thereof or the amount of the bill that which the Customer has failed to pay in accordance with the payment policy of the Company, if applicable.

3.c. The date on or after which service may be terminated.

4.d. A statement advising the Customer to contact the Company at a specific address or phone number for information regarding any deferred payment or other procedures that the Company may offer or to work out some other mutually agreeable solution to avoid termination of the Customer's service.

5.e. A statement advising the Customer the Company's stated reason(s) for the termination of services may be disputed by contacting the Company at a specific address or phone number, -advising the Company of the dispute and making arrangements to discuss the cause for termination-on with a responsible employee of the Company in advance of the scheduled date of termination. The responsible employee shall will be empowered to resolve the dispute and the Company shall will retain the option to terminate service after affording this opportunity for a meeting and concluding that the reasons for termination is just and advising the Customer of his right to file a complaint with the Commission.

C.3. Where applicable, a copy of the termination notice will be simultaneously forwarded to designated third parties.

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SECTION 12 TERMINATION OF SERVICE (continued)

E.F. Timing of Terminations With Notice

1. The Company ~~shall~~will give at least a five (5) day advance written notice prior to the termination date.
2. ~~This~~Such notice ~~shall~~will be considered to be given to the Customer when a copy of the notice~~thereof~~ is left with the Customer or posted first class in the United States mail, addressed to the Customer's last known address.
3. If, after the period of time allowed by the notice has elapsed and the delinquent account has not been paid nor arrangements made with the Company for payment of the bill~~thereof~~, — or in the case of a violation of the Company's rules the Customer has not satisfied the Company that ~~this~~such violation has ceased — ~~then the~~ Company may ~~then~~ terminate service on or after the day specified in the notice without giving further notice.
4. ~~Service shall only be disconnected in conjunction with a personal visit to the premises by an authorized representative of the Company.~~
5. The Company will have the right (but not the obligation) to remove any or all of its property installed on the Customer's premises upon the termination of service. Upon the termination of service the Company may, without liability for injury or damage, dismantle and remove its line extension facilities within two (2) years after termination of service, ~~provided however~~ the Company will~~shall~~ give the Customer thirty (30) days written notice before removing its facilities should the Company decide to do so, ~~— or else waive any re-establishment charge within the next one (1) year for the same service to the same Customer at the same location. For purposes of this Section, notice to the Customer shall be deemed given at the time such notice to the Customer shall be deemed given at the time such notice is deposited in the U.S. Postal Service, first class mail, postage prepaid, to the Customer at his/her last known address.~~

6.4.

G.G. Landlord/Tenant Rule

1. In situations where service is rendered at an address different from the mailing address of the bill or where the Company knows that a landlord/tenant relationship exists and the landlord is the Customer of the Company, and where the landlord as a Customer would otherwise be subject to disconnection of service, the Company may not disconnect service until the following actions have been taken:
 - 1-a. Where it is feasible to so provide service, the Company, after providing notice as required in these rules, ~~shall~~will offer the occupant the opportunity to subscribe for service in his or her own name. If the occupant then declines to so subscribe, the Company may disconnect service pursuant to the rules.
 - 2-b. The Company ~~shall~~will not attempt to recover from a tenant, or condition service to a tenant, upon the prepayment of any outstanding bills or other charges due upon the outstanding account of the landlord.

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SECTION 13 RECONNECTION OF SERVICE

ARTICLE NO. 18 - RECONNECTION OF SERVICE

When service has been discontinued for any of the reasons set forth in these Rules and Regulations, the Company ~~shall~~will not be required to restore service until the following conditions have been met by the Customer:

A. Where service was discontinued without notice:

1. The hazardous condition ~~must~~shall be removed and the installation ~~shall~~will conform to accepted standards.
2. All bills for service and/or applicable investigative costs due the Company by reason of fraudulent or unauthorized use, diversion or tampering ~~must~~shall be paid and a deposit to guarantee the payment of future bills may be required.
3. Required arrangements for service ~~must~~shall be made.

B. Where service was discontinued with notice:

A.1. The Customer must make arrangements for the payment of all bills and these arrangements must be satisfactory to the Company. Satisfactory arrangements for the payment of all bills for service then due shall be made.

B.2. The Customer must furnish a A-satisfactory guarantee to pay all of payment for all future bills shall be furnished.

C.3. The Customer must correct any and all violations. The violation of these Rules and Regulations shall be corrected.

a.Reconnection Charge

~~i. Whenever the Company has discontinued service under its usual operating procedures because of any default by the customer as provided herein, a reconnection charge not to exceed the charge for the re-establishment of service as set forth in the applicable rate schedule shall be made and may be collected by the Company before service is restored. When, due to the behavior of the customer, it has been necessary to discontinue service utilizing other than usual operating procedures, the Company shall be entitled to charge and collect actual costs to restore service.~~

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SECTION 14 ADMINISTRATIVE AND HEARING REQUIREMENTS

ARTICLE NO. 17 - ADMINISTRATIVE AND HEARING REQUIREMENTS

A. Customer Service Complaints

a.1. The Company ~~shall~~will make a full and prompt investigation of all service complaints made by its Customers, either directly or through the Commission.

b.2. The Company ~~shall~~will respond to the complainant and/or the Commission representative within five (5) ~~working~~day~~business days~~ as to the status of the Company's investigation.

c.3. The Company ~~shall~~will notify the complainant and/or the Commission representative of the final disposition of each complaint. Upon request of the complainant or the Commission representative, the Company ~~shall~~will report the findings of its investigation in writing.

d.4. The Company ~~shall~~will inform the Customer of his right of appeal to the Commission.

e.5. The Company ~~shall~~will keep a record of all written service complaints received ~~that must~~which shall contain, at a minimum, the following data:

i.a. Name and address of complainant;

ii.b. Date and nature of the complaint;

iii.c. Disposition of the complaint; and

iv.d. A copy of any correspondence between the Company, the Customer, and/or the Commission.

f.6. This record ~~shall~~will be maintained for a minimum period of one (1) year and ~~shall~~will be available for inspection by the Commission

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SECTION 14 ADMINISTRATIVE AND HEARING REQUIREMENTS (continued)

B. Customer Bill Disputes

1. Any utility Customer who disputes a portion of a bill rendered for electric service ~~must~~ shall pay the undisputed portion of the bill and notify the Company's designated representative that ~~any~~ such unpaid amount is in dispute prior to the delinquent date of the bill.
2. Upon receipt of the Customer notice of dispute, the Company ~~shall~~ will:
 - a. Notify the Customer within five (5) ~~working day~~ business days of the receipt of a written dispute notice.
 - b. Initiate a prompt investigation as to the source of the dispute.
 - c. Withhold disconnection of service until the investigation is completed and the Customer is informed of the results.
 - ~~e.d.~~ e.d. Upon request of the Customer, the Company ~~shall~~ will report the results of the investigation in writing.
 - ~~e.e.~~ e.e. Inform the Customer of his right of appeal to the Commission.
3. Once the Customer has received the results of the Company's investigation, the Customer ~~shall~~ will submit payment within five (5) ~~working day~~ business days to the Company for any disputed amounts. Failure to make full payment may be grounds for termination of service.
4. The Company ~~shall~~ will inform the Customer of his right of appeal to the Commission.

C. Commission resolution of service and bill disputes

1. In the event the Customer and the Company cannot resolve a service or bill dispute the customer must file a written statement of dissatisfaction with the Commission; by submitting this statement to the Commission, the Customer will be deemed to have filed an informal complaint against the Company.
2. Within 30 days of the receipt of a written statement of customer dissatisfaction related to a service or bill dispute, a designated representative of the Commission will endeavor to resolve the dispute by correspondence or telephone with the Company and the Customer. If resolution of the dispute is not achieved within 20 days of the Commission representative's initial effort, the Commission will hold an informal meeting to arbitrate the resolution of the dispute. This informal meeting will be governed by the following rules:
 - a. Each party may be represented by legal counsel, if desired.
 - b. All informal meetings may be recorded or held in the presence of a stenographer.

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SECTION 14 **ADMINISTRATIVE AND HEARING REQUIREMENTS** **(continued)**

- c. All parties will have the opportunity to present written or oral evidentiary material to support the positions of the individual parties.
- d. All parties and the Commission's representative will be given the opportunity to cross-examine the various parties.
- e. The Commission's representative will render a written decision to all parties within five business days after the date of the informal meeting. This written decision of the arbitrator is not binding on any of the parties and the parties may still make a formal complaint to the Commission.
- 3. The Company may implement its termination procedures if the Customer fails to pay all bills rendered during the resolution of the dispute by the Commission.
- 4. The Company will maintain a record of written statements of dissatisfaction and their resolution for a minimum of one (1) year and make these records available for Commission inspection.

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SECTION 15 TEMPORARY SERVICE OR CYCLICAL USAGE

ARTICLE NO. 19 - TEMPORARY SERVICE OR CYCLICAL USAGE

- A. For electric service of a temporary nature [less than two (2) years], a Secondary Service Charge will be charged as set forth in the Statement of Additional Charges service installation and removal charge will be made, in addition to the regular charges for service which will be billed under the applicable rate schedule. Such installation and removal charge shall will be the estimated average cost of labor, transportation and material required for installing and removing the temporary service facilities, less the estimated average net salvage value of the material. Emergency, supplementary, breakdown or other standby service is not considered temporary and is subject to the provisions of ARTICLE NO. Section 16-20. Permanent or semi-permanent businesses whose characteristics of operation result in infrequent cyclical usage of energy (e.g., asphalt batch plants, lettuce cooling plants) will require separate contracts with the Company to assure full recovery of the Company's annual ownership cost on the total facilities installed to provide service to the Applicant.

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SECTION 16 STANDBY SERVICE

ARTICLE NO. 20 - STANDBY SERVICE

- A. Emergency, breakdown, supplementary or other standby service will be supplied by the Company at its option only under special contracts specifying the rates, terms and conditions governing such service.

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SECTION 17 HIGHLY FLUCUATING LOADS

ARTICLE NO. 21 - HIGHLY FLUCTUATING LOADS

B. Electric service shall will not be used in such a manner so as to cause any unusual voltage fluctuations on or other disturbances to the Company's system. For installations having highly fluctuating or intermittent power demands which seriously affect voltage regulation, including, but not limited to, welding equipment, x ray apparatus, elevator motors or other equipment, the Company shall will notify the Customer in writing of the condition and failing adequate correction of the condition may adjust the billing basis or make such additional charges as may be necessary to take into account the special equipment, power capacity, and other costs to the Company required to serve this such equipment.

C. All equipment used by the Customer shall will be so operated and have such starting and performance characteristics that its use will not cause unusual voltage fluctuations or other disturbances on the Company's system.

D. When three phase service supplied under a power rate includes incidental lighting, the Customer shall will supply any necessary lighting transformers and arrange its lighting to give a substantially balanced three phase load.

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SECTION 17 POWER FACTOR

ARTICLE NO. 22 - POWER FACTOR

5.A. The Company may require the Customer by written notice to either maintain a specified minimum lagging power factor or the Company may after thirty (30) days install power factor corrective equipment and bill the Customer for the total costs of ~~this~~ such equipment and installation.

B. In the case of apparatus and devices having low power factor, now in service, which may hereafter be replaced, and all similar equipment hereafter installed or replaced, served under general commercial schedules, the Company may require the Customer to provide, at the Customer's own expense, power factor corrective equipment to increase the power factor of any such devices to not less than ninety (90) percent.

6.C. If the Customer installs and owns the capacitors needed to supply his reactive power requirements, then the Customer ~~must~~ shall equip them with suitable disconnecting switches, so installed that the capacitors will be disconnected from the Company's lines whenever the Customer's load is disconnected ~~therefrom~~ the Company's facilities.

7.D. Gaseous tube installations totaling more than one thousand (1,000) volt-amperes ~~must~~ shall be equipped with capacitors of sufficient rating to maintain a minimum of ninety percent (90%) lagging power factor.

8.E. Company installation and removal of metering equipment to measure power factor will be at the discretion of the Company.

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SECTION 18 STATEMENT OF ADDITIONAL CHARGES

A.	Service Establishment and Reestablishment During Regular Business Hours - service reads only	\$13.50
B.	Service Establishment and Reestablishment under usual operating procedures During Regular Business Hours - Single-Phase Service	\$13.5022.00
C.	Service Establishment and Reestablishment under usual operating procedures After Regular Business Hours (includes Saturday, Sundays and Holidays) - Single-Phase Service	\$35.0051.00
D.	Service Establishment and Reestablishment under usual operating procedures During Regular Business Hours - Three-Phase Service	\$13.5071.00
E.	Service Establishment and Reestablishment under usual operating procedures After Regular Business Hours (includes Saturdays, Sundays and Holidays) - Three-Phase Service	\$35.00198.00
F.	Secondary Service Charge	\$640.00
G.	Line Extension Charges	
1.	Single-phase charge per foot	\$18.00
2.	Three-phase charge per foot	\$64.50
a.	Additional transformer charge for 500 kVA and under	\$6,956.00
b.	Additional transformer charge over 500 kVA	\$16,275.00
3.	Overhead feeder charge per foot	\$36.00
4.	Underground feeder charge per foot	\$51.00
a.	Additional charge per PME	\$20,500.00
H.	Meter Reread	\$10.0013.00
I.	Meter Field Test	\$40.00144.00

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SECTION 18 STATEMENT OF ADDITIONAL CHARGES (continued)

J. NSF Check \$10.00

K. Late Payment Finance Charge 1.5%

L. Interest on Customer Deposits 6.0% One-Year Treasury constant maturities rate

SECTION 19

COMPLIANCE

ARTICLE NO. 23- COMPLIANCE

A. The Commission adopted "Regulation R14-2-103" effective March 2, 1982. The Company adopts and accepts by these Rules and Regulations the Commission's "Regulation R14-2-103." To the extent that any subject matter contained in the Commission's "Regulation R14-2-103" is not included in these Rules and Regulations, the Company intends that the language of "Regulation R14-2-103" is applicable and is incorporated by reference in these Rules and Regulations.

acceptable to both the ESP and

12. On-Site Inspections/Site Meets

a. TEP may perform on-site inspections of meter installations. The ESP shall be notified if the inspections uncover any material non-compliance by the MSP with the approved specifications and standards.

b. For new construction, TEP shall ensure that the owner/builder has met the construction standards outlined in the TEP Electric Service Requirements Manual, as well as local municipal agency requirements, and any updates, supplements, amendments and other changes that may be made to this manual and requirements. TEP shall perform a pre-installation inspection on all new construction. Local city/county clearances will also be required prior to energizing any new construction.

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- c. TEP may require a site meet to exchange or remove an IDR meter which requires an optical device to retrieve interval data; an existing totalized metering installation; a restricted access location for which TEP forbids key access; co-generation, bi-directional or detented metering; or on request of an ESP or MSP. The ESP and TEP's Meter Services Department shall coordinate the time of the site meet. If the ESP or MSP misses two (2) site meets, TEP may cancel the applicable DASR.
- d. TEP may charge for a site meet requested by the ESP or MSP, or if the ESP or MSP fails to arrive within thirty (30) minutes of the appointment time, or if the ESP fails to cancel a site meet at least one (1) working day in advance of the appointment time. The ESP or MSP may charge for a site meet requested by TEP under the same conditions specified herein.

13. Meter Service Options and Obligations

- a. Meter Ownership shall be limited to TEP, an ESP, or the customer. The customer must obtain the meter through TEP or an ESP. Although a customer may own the electric meter, maintenance and servicing of the metering equipment shall be limited to TEP, the ESP, or the ESP's agent.
- b. If the ESP or customer owns the meter, the ESP may purchase the existing CTs and PTs and/or associated metering equipment from TEP. If the ESP chooses not to purchase the CTs and PTs and/or associated equipment, the ESP will still retain responsibility for maintaining and replacing CTs and PTs and/or associated equipment.
- c. The following provisions apply to the ownership of CTs and PTs:
- (1) For distribution voltages up to 25kv, the ESP or TEP shall own the CTs and PTs. For transmission primary voltages (over 25kv), the CTs and PTs shall be owned by TEP. ESP-owned CTs & PTs must meet TEP specifications. No CTs and PTs or associated metering equipment shall be set or allowed to remain in service if it is determined that the CTs and PTs or its associated equipment did not meet TEP's approved specifications, as

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set forth in TEP's Electric Service Requirements Manual, in place at the time of installation.

d. ~~All CT-rated meter installations shall utilize safety test switches, and all self-contained commercial metering shall utilize safety test blocks as provided in the TEP Electric Service Requirements Manual. During meter exchanges, the ESP or its agent's employees who are certified to perform the related MSP activities may install, replace or operate TEP test switches and operate TEP-sealed customer-owned test blocks.~~

e. ~~Direct Access premises with multiple service entrance sections will be considered separately for metering purposes. Existing totalizing installations will be discontinued upon a customer's entrance into Direct Access.~~

14. Installation Options

a. ~~The ESP may choose from the following list of options for meter installation:~~

- ~~_____ (1) ~~ESP owned/ESP installed metering~~~~
- ~~_____ (2) ~~ESP owned/TEP installed metering~~~~
- ~~_____ (3) ~~Customer owned/ESP installed metering~~~~
- ~~_____ (4) ~~Customer owned/TEP installed metering~~~~
- ~~_____ (5) ~~TEP owned/TEP installed metering~~~~

b. ~~ESP or their agents must be certified by the ACC in order to offer MSP services. The policies and procedures described in this Section assume that the MSP service provider and his meter installers have ACC certification. ESPs may elect to offer metering services by:~~

- ~~_____ (1) ~~Becoming a certified Metering Service Provider.~~~~
- ~~_____ (2) ~~Subcontracting with a third party that is a certified MSP.~~~~

~~(9) Subcontracting with TEP under the circumstances described in Section 1.2 of this Article.~~

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15. ~~ESP's Obligations When Providing Metering Services~~

- a. ~~If lock rings are used, they shall meet TEP requirements and protocols.~~
- b. ~~Provide information to TEP on the specifications and other specifics on meters not purchased from or installed by TEP.~~
- c. ~~For customers transferring from Direct Access to Standard Offer service, the ESP shall either allow TEP to remove the customer's meter, or schedule a joint meet to remove the meter. If the ESP allows TEP to remove meters, the ESP shall coordinate with TEP's Meter Services Department regarding the return of the ESP's meters, which shall be to a location within TEP's service territory. For customers transferring from Standard Offer to Direct Access Service, TEP shall either allow the ESP to remove the customer's meter, or schedule a joint meet to remove the meter. If TEP allows the ESP to remove meters, TEP shall coordinate with the ESP or its agent regarding the return of TEP's meters.~~
- d. ~~Be responsible for obtaining and providing reads from any meter that it installs from the time it is installed to the time it is removed or until meter reading responsibilities are assumed by another ESP or the customer returns to Standard Offer service.~~
- e. ~~Ensure that ESP and MSP employees working in TEP territory follow ACC and other applicable safety standards.~~
- f. ~~In the event that unauthorized energy use is suspected and a safety hazard exists, notify TEP immediately, or within twenty-four (24) hours for non-safety issues, and cooperate with TEP in response thereto.~~
- g. ~~ESPs and their agents shall take no action to impede TEP's safe and unrestricted access to a customer's service entrance.~~
- h. ~~Glass over any socket when a meter is removed and a new meter is not installed.~~

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16. ~~ESP's Obligations When Providing MRSP Services~~

a. ~~MRSP functions shall be performed by certified MRSPs on the ESP's behalf in accordance with ACC regulations, and shall be the responsibility of the party specified in the DASR. MRSP obligations and responsibilities are as stated in the ACC's Rules and requirements and include:~~

(1) ~~Meter data for Direct Access Customers shall be read, validated, edited, and transferred pursuant to ACC approved standards.~~

(2) ~~Both TEP and ESP shall have 24 hour/7 days per week access to the MRSP server.~~

(3) ~~Meter read data including reads as well as the validated usage shall be posted to the MRSP server using EDI "867" format. Estimated reads, along with reasons for the estimate, shall be included with the reads on the MRSP server. The EDI format specification includes the estimated read reason codes to be used.~~

(4) ~~The MRSP shall provide TEP with access to meter data at the MRSP server as required to allow the proper performance of billing and settlement.~~

(5) ~~MRSPs shall read the customer's meter on the TEP read cycle. MRSP shall provide TEP with meter reading data in a manner that conforms to TEP's billing cycles in accordance with A.A.C. R14-2-209.~~

(6) ~~The MRSP shall provide re-reads or read verifies within ten (10) working days of a request by TEP or the customer. The requesting party may be charged per the applicable ACC tariff if the original read was not in error.~~

17. Meter Reading Data Obligations

a. Accuracy for All Meters

(1) ~~Meter clocks shall be maintained according to Arizona time within +/- three (3) minutes of the National Time Standard.~~

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~~(2) Meter read date and time shall be accurate.~~

~~(3) All meter reading data shall be validated with the applicable ACC approved requirements.~~

~~b. Timeliness for Validated Meter Reading Data~~

~~(1) Pursuant to guidelines established by the Utilities Division Director timeliness requirements for the delivery of data, one hundred percent (100%) of the validated meter reads shall be available by 3:00 p.m. local Arizona time on the third working day after the scheduled read date. If the meter reads are not posted or available or are posted clearly in error by 3:00 p.m. on the third working day after the scheduled read date, the read may be estimated or read by TEP and the ESP shall be charged an ACC approved fee for this service. For newly installed IDR meters, IDR reads shall include the meter read, the interval data and enough information to calculate the read and total consumption to the exact cut over date and time.~~

~~c. Proof of Operational Ability~~

~~(1) Prior to performing MRSP services in TEP's distribution service territory, or prior to making any significant change in MRSP service methodology, each MRSP will perform compliance testing to demonstrate its ability to read meters, validate data, edit data, estimate missing data and post validated data in TEP compatible EDI format to the MRSP server. In addition, upon installation of the initial meter on Direct Access accounts in TEP's distribution service territory, each MRSP shall prove its ability to read its meters and post validated data in TEP compatible EDI format to the MRSP server. If the MRSP is unsuccessful in its attempts to meet these requirements, all subsequent requests for~~

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meter exchanges will be postponed until the MRSP successfully demonstrates its operational ability.

d. Retention and Format for Meter Reading Data

(1) All meter reading data for a customer shall remain posted on the MRSP server for five (5) working days and will be recoverable for at least three (3) years.

(2) Meter reading data posted to the MRSP server shall be stored in TEP compatible EDI format.

18. TEP Performing MSP and MRSP Functions

a. If TEP is eligible to perform Direct Access related MSP and MRSP functions as defined in Section I.2, the following restriction applies:

(1) During the phase-in period of October 1, 1999 to December 31, 2000 for load profiled customers in which TEP is reading the meter, the validated meter read will be posted in EDI format no later than three (3) working days following the scheduled read date.

19. Non-Conforming Meters, Meter Errors and Meter Reading Errors

a. Whenever TEP, the ESP or its agents becomes aware of any non-conforming meters, erroneous meter services and/or meter reading services that impact billing, it shall promptly notify the other parties and the customer in question. Bills found to be in error due to non-conforming meters or errors in meter services or meter reading services will be corrected by the appropriate parties.

b. In cases of meter failure or non-compliance, the ESP or its agents shall have five (5) working days to correct the non-compliance. If the non-compliance is not remedied within five (5) working days, the following actions may apply:

(1) A site meeting may be required when services are being performed. The non-compliant party will be charged an ACC approved tariff for the meeting.

(2) TEP may repair the defect, and the other party shall be responsible for all related expenses.

(3) Upon a demonstrated pattern of non-compliance (with ACC requirements and this Article) and failure to correct the problem in a timely manner, TEP may give written notice to the non-compliant party and to the ACC. After five (5) working days, TEP may suspend processing DASRs from an ESP that uses an MSP or MRSP that is non-compliant until such non-compliance is corrected to TEP's satisfaction.

(4) A pattern of non-compliance by an ESP is defined by the following conditions:

(a) If more than one percent (1%) of the service points served by an ESP, or five (5) service points, whichever is greater, are found to be non-conforming and are not corrected during the first six months of Direct Access participation by that ESP.

(b) More than one-half of one percent (0.5%), or three (3) service points, whichever is greater, are found to be non-conforming and are not corrected during any six consecutive months thereafter.

c. TEP may refuse to enter into a new ESP Service Acquisition Agreement, or cancel an existing ESP Service Acquisition Agreement pursuant to Section H.10.a.1.b, with any ESP that has a demonstrated pattern of uncorrected non-compliance as established above. This provision shall not apply if the alleged demonstrated pattern of non-compliance or correction thereof is disputed and is pending before any agency or entity with jurisdiction to resolve the dispute.

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EXHIBIT

DJD-8

DIRECT ACCESS RULES AND REGULATIONS

CLEAN VERSION

Tucson Electric Power Company

Direct Access Rules & Regulations

DIRECT ACCESS SERVICE

TERMS AND CONDITIONS FOR DIRECT ACCESS SERVICE

The following terms and conditions apply to Tucson Electric Power Company ("TEP"), Electric Service Providers ("ESPs") and their agents that participate in Direct Access under the Arizona Corporation Commission's ("ACC") rules for retail electric competition (A.A.C. R14-2-1601, *et seq.*, referred to herein as the "Rules"). "Direct Access Customer" refers to any TEP retail Customer electing to procure its electricity and any other ACC-authorized Competitive Services directly from ESPs as defined in the Rules. ESPs who serve Direct Access Customer accounts shall possess a Certificate of Convenience and Necessity, issued by the ACC pursuant to A.A.C. R14-2-1604; enter into an ESP Service Acquisition Agreement with TEP; and an agreement with a TEP-approved and/or Arizona Independent Scheduling Administrator Association ("AISA") approved Scheduling Coordinator; be registered to do business in the State of Arizona; and meet any other applicable certification requirements established by State law and by the appropriate regulatory agencies.

A. Definitions:

All definitions in TEP's Rules and Regulations apply to these Rules and Regulations for Direct Access Service. The following additional definitions apply to TEP's Rules and Regulations for Direct Access Service.

1. Electric Service Provider ("ESP"): A company supplying marketing or brokering at retail any competitive services, as defined in the Rules pursuant to a Certificate of Convenience and Necessity.
2. Electric Service Provider ("ESP") Service Acquisition Agreement: A contract between an ESP and TEP to deliver power to retail end users or between an ESP and a Scheduling Coordinator to schedule transmission service.
3. Interval Metering: The purchase, installation and maintenance of electricity metering equipment capable of measuring and recording minimum data requirements, including hourly interval data required for Direct Access settlement processes.
4. Meter-Reading Service Provider ("MRSP"): An entity providing all functions related to the collection and storage of consumption data, and that reads meters, performs validation, editing, and estimation on raw meter data to create bill-ready meter data; translates bill-ready data to an approved format; posts this data to a server for retrieval by billing agents; manages the server; exchanges data with market participants, and stores meter data for problem resolution.
5. Meter Service Provider ("MSP"): An entity providing all functions related to measuring electricity consumption.
6. Rules: Approved ACC Competition Rules.
7. Scheduling Coordinator ("SC"): An entity that provides schedules for power transactions over transmission or distribution systems to the party responsible for the operation and control of the transmission grid, such as a Control Area Operator, Arizona Independent Scheduling Administrator or Independent System Operator.
8. Standard Offer Service: Bundled service offered by TEP to all Customers in TEP's service territory at regulated rates, including metering, meter reading, billing and collection services, demand-side management services

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including but not limited to time-of-use, and consumer information services. All components of Standard Offer Service shall be deemed noncompetitive as long as those components are provided in a bundled transaction pursuant to R14-2-1606(A) of the ACC-approved Competition Rules.

B. General Service Provisions

1. Regarding Service Establishments and Reestablishment Charges: TEP will waive service establishment and reestablishment charges for Customers switching from Direct Access to Standard Offer Service, except for the Returning Customer Direct Access Charge ("RCDAC") as described in the RCDAC Rider _____.
2. Regarding the Company providing written statements of actual consumption: The Company will charge a fee consistent with its ACC-approved Pricing Plans and/or these Rules and Regulations for providing consumption, interval or other data to the Customer or its agent, such as an ESP. All other provisions regarding written statements of actual consumption in TEP's Rules and Regulations still apply to Direct Access Service.
3. Where the Customer has opted for Direct Access service, the Customer's ESP or its agent shall be responsible for installing the meter.
4. Where the Customer has opted for Direct Access service, the Customer's ESP or its agent will be responsible for installing the meter.
5. The Company shall not be responsible for any damage or claim of damage attributable to any interruption or discontinuation of service resulting from Failure of equipment owned and/or installed by the ESP, its agent, or the Customer.

C. Customer Selections

All TEP retail electric Customers shall obtain electric generation and ACC authorized energy services under one of two options:

1. Standard Offer Service ("Bundled Service"): With this election, retail Customers will receive all services, including metering, meter reading, billing, collection and other consumer information services, on a bundled basis at regulated rates authorized by the ACC. Any Customer that has not chosen Direct Access, and who is eligible for Direct Access, shall remain on Standard Offer Service. Direct Access Customers may also choose to return to Standard Offer Service after having elected Direct Access.
2. Competitive Service ("Direct Access"): This service election allows Customers eligible for Direct Access to purchase electric generation and other Competitive Services. Direct Access Customers with single premise demands greater than 20 kW will be required to have in place Interval Metering, as defined below, at no expense to TEP. Pursuant to the Rules, and any restrictions herein, the ESP serving these Customers will have options available for choosing to offer Meter Services, Meter Reading Services and/ or Billing Services on their own behalf (or through a qualified third party) or to have TEP provide those services, as specified within. Meter service options are described in the Sections on Metering Services and Meter Service Options and Obligations in this Article. Billing options are described in the Sections on Billing Service Options and Obligations in this Article and the ESP Service Acquisition Agreement.

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D. General Obligations of TEP

1. Non-Discrimination

TEP shall discharge its responsibilities under the Rules in a non-discriminatory manner as to Customers and providers of all Competitive Services. Unless otherwise authorized by the ACC, the Federal Energy Regulatory Commission ("FERC") or applicable affiliate transactions rules, TEP shall not:

- a. Represent that its affiliates or Customers of its affiliates will receive any different treatment with regard to the provision of TEP services than other, non-affiliated service providers as a result of affiliation with TEP; or
- b. Provide its affiliates, or Customers of its affiliates, any preference based on the affiliation including but not limited to terms and conditions of service, information, pricing or timing over non-affiliated suppliers or their Customers in the provision of TEP services.

2. Transmission and Distribution Service

- a. Subject to State law and the terms of the ACC's Rules and Regulations, this Article, the ESP Service Acquisition Agreement, applicable Pricing Plans and applicable ACC and FERC rules, and provided the ESP and Customer likewise comply therewith, TEP will offer transmission and distribution services on a non-discriminatory basis under applicable Pricing Plans, schedules and contracts for delivery of electric generation to Direct Access Customers.

3. System Benefits Charge ("SBC")

- a. System Benefits Charges are those charges approved by the Commission for recovery of low-income, demand-side management, environmental, renewable, and other approved costs from Customers that elect Direct Access Service.
- b. As a condition for receiving Direct Access Service, these Customers will be responsible to pay their portion of System Benefits Charges authorized by the Rules in A.A.C. R14-2-1608 and as may be subsequently approved by the ACC.

E. General Obligations of ESPs

1. Timeliness, Due Diligence and Security Requirements

- a. ESPs shall exercise due diligence in meeting their obligations and deadlines under the Rules to facilitate Customer choice. ESPs shall make all payments owed to TEP in a timely manner (pursuant to the ACC's requirements, the Rules, the ESP Service Acquisition Agreement the ESP enters into with TEP, and TEP's Pricing Plans and schedules) and subject to applicable payment dispute provisions described below.
- b. TEP shall exercise due diligence in meeting its obligations and deadlines under the Rules to facilitate Customer choice. TEP shall make all payments owed to the ESP in a timely manner (pursuant to the ACC's

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requirements, Rules, the ESP Service Acquisition Agreement the ESP enters into with TEP, and TEP's Pricing Plans and schedules) and subject to applicable payment dispute provisions described below.

- c. ESPs shall adhere to all credit, deposit and security requirements specified in the ESP Service Acquisition Agreement and TEP's Pricing Plans and schedules.

2. Arrangements with ESP Customers

ESPs shall be solely responsible for having appropriate contractual or other arrangements with their Customers necessary to implement Direct Access consistent with all applicable laws, ACC requirements, the Rules and this Article. TEP shall not be responsible for monitoring, reviewing or enforcing such contracts or arrangements.

3. Responsibility for Electric Purchases

ESPs will be responsible for the purchase of their Direct Access Customers' electric generation needs and the delivery of such purchases to designated receipt points as set forth on schedules given to the Scheduling Coordinators ("SCs").

4. TEP Not Liable for ESP Services

To the extent the Customer elects to take other services from an ESP, TEP has no obligation to the Customer with respect to the services provided by the ESP.

5. Load Aggregation for Procuring Electric Generation/Split Loads

- a. ESPs may aggregate individually metered electric loads for procuring competitive electric generation only. Load aggregation shall not be used to compute TEP charges or for Pricing Plan applicability.
- b. Customers requesting Direct Access Services may not partition the electric loads of a service point among electric service options or providers. The entire load of a service point must be provided by only one (1) ESP. This provision shall not restrict the use of separate parties for metering and billing services.

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6. Interval Metering

- a. Interval Metering is required for all Customers that elect Direct Access and have maximum single premise demands in excess of 20 kW or 100,000 kWh annually. Interval Metering is optional for those Customers with demands of 20 kW or 100,000 kWh annually or less.
- b. For new Customers without prior demand data, TEP shall estimate the demand at the time the Customer establishes a distribution service account with TEP. TEP shall determine, based on its estimates of the Customer's demand, whether the Customer meets the requirements for Interval Metering. With the Customer's written consent, TEP shall provide the Customer's ESP with the data upon which the demand estimate was made.

7. Metering Requirements

Minimum meter data requirements consist of data required to bill TEP distribution Pricing Plans, including 15-minute interval data required for billing demands. TEP shall have access to meter data necessary for regulatory or rate-setting purposes as specified in TEP's protocol regarding meter-data requirements.

8. Statistical Load Profiles

- a. Pursuant to R14-2-1604 (B)(3), TEP will offer statistical load profiles in place of Interval Metering, for qualifying Customers, to estimate hourly consumption for settlement and scheduling purposes.
9. Pursuant to R14-2-1612(K)(6), TEP will offer statistical load profiles in place of Interval Metering for predictable loads, as defined by TEP's Pricing Plans for unmetered loads, to estimate hourly consumption for settlement and scheduling purposes.

9. Fees and Other Charges

- a. Direct Access Customers shall pay all applicable fees, surcharges, impositions, assessments and taxes on the sale of energy or the provisions of other services as authorized by law, ACC rules, rulings or decisions.
- b. The ESP and TEP will each be respectively responsible for paying such fees to the taxing or regulatory agency to the extent it is their obligation to do so.
- c. Both the ESP and TEP will be responsible for providing the authorized billing agent the information necessary to bill these charges to the Customer.

10. Liability In Connection With ESP Services

- a. In this section, "damages" shall include all losses, harm, costs and detriment, both direct, indirect and consequential, suffered by the Customer or third parties.
- b. Except as otherwise required by law, TEP shall not be liable for any damages caused by TEP's conduct in compliance with, or as permitted by, TEP's Rules and Regulations, the ESP Service Acquisition Agreement, the Rules, and associated legal and regulatory requirements related to Direct Access service, or as otherwise set forth in TEP's Rules and Regulations.

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- c. TEP shall not be liable for any damages caused to the Customer by any ESP, including failure to comply with TEP's Rules and Regulations and Pricing Plans, the ESP Service Acquisition Agreement, the Rules and associated legal and regulatory requirements related to Direct Access service.
- d. TEP shall not be liable for any damages caused by the ESP's failure to perform any commitment to the Customer.
- e. An ESP is not a TEP agent for any purpose. TEP shall not be liable for any damages resulting from acts, omissions, or representations made by an ESP in connection with soliciting Customers for Direct Access or rendering Competitive Services.
- f. Under no circumstances shall TEP be liable to the Customer, ESP (including any entity retained by it to provide competitive services to the Customer) or third parties for lost revenues or profits, indirect or consequential damages or punitive or exemplary damages in connection with Direct Access Services. Under no circumstances shall the ESP (including any entity retained by it to provide competitive services to the Customer) be liable to TEP for lost revenues or profits, indirect or consequential damages or punitive exemplary damages in connection with Direct Access Services. This provision shall not limit remedies otherwise available to Customers under TEP's Pricing Plans, Rules and Regulations.

F. Customer Inquiries and Data Accessibility

1. Customer Inquiries

For Customers requesting information on Direct Access, TEP shall make available the following information:

- a. Notification and informational materials to consumers about competition and consumer choices.
- b. A list of ESPs that have been issued a Certificate of Convenience and Necessity to offer Competitive Services within TEP's service territory. TEP will provide the list maintained by the ACC, but TEP is under no obligation to assure the accuracy of this list. Reference to any particular ESP or group of ESPs on the list shall not be considered an endorsement or other form of recommendation by TEP.

2. Access to Customer Usage Data

For TEP Customers on Standard Offer Service, TEP shall provide Customer specific usage data to ESPs that have an ESP Service Acquisition Agreement in place with TEP, or to the Customer, subject to the following provisions:

- a. ESPs may request Customer usage data prior to submission of a Direct Access Service Request ("DASR") by obtaining and submitting to TEP the Customer's written authorization. TEP may charge fees for Customer usage data at rates approved by the ACC.
- b. Upon receipt of a Request DASR, if TEP has been the most recent provider of energy for the Customer, TEP will provide the most recent twelve (12) months of Customer usage data or the amount of data available for that Customer if there is less than twelve (12) months of usage.

3. Customer Inquiries Concerning Billing-Related Issues

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- a. Customer inquiries concerning TEP charges or services shall be directed to TEP.
 - b. Customer inquiries concerning ESP charges or services shall be directed to the ESP.
 4. Customer Inquiries Related to Emergency Situations and Outages
 - a. TEP shall be responsible for responding to all Standard Offer Service or, in the case of Direct Access Customers, distribution service emergency system conditions, outages and safety situation inquiries related to TEP's distribution system. Customers contacting an ESP with such inquiries are to be referred directly to TEP for resolution. ESPs performing consolidated billing must show TEP's telephone number on their bills for use in emergencies.
 - b. TEP may shed or curtail Customer load as provided by its ACC-approved Pricing Plans, Rules and Regulations.

G. ESP Service Establishment

An ESP providing competitive generation shall satisfy the following requirements before the ESP can offer Direct Access services in TEP's distribution service territory:

1. Obtain a Certificate of Convenience and Necessity from the ACC which authorizes the ESP to offer Competitive Services to Direct Access Customers within TEP's distribution service territory.
2. Enter into an ESP Service Acquisition Agreement with TEP.
3. Provide proof of a service agreement with a certified Scheduling Coordinator.
4. Register to do business in the State of Arizona and obtain all other licenses and registrations needed as a legal predicate to the ESP's ability to offer Competitive Services to Direct Access Customers in TEP's distribution service territory.
5. Satisfy TEP's creditworthiness requirements as specified in the ESP Service Acquisition Agreement, TEP Billing and Credit Protocol, and TEP's Rules and Regulations if the ESP will offer ESP Consolidated Billing.
6. Satisfy any applicable ACC electronic data exchange requirements including:
 - a. The ESP and/or its designated agents must successfully complete all necessary electronic interfaces between the ESP and TEP to exchange DASRs and general communications.
 - b. The ESP or its agent must successfully complete all electronic interfaces between the ESP and TEP to exchange meter reading and usage data. This will include communication to and from MRSP servers for sharing of meter reading and usage data.
 - c. The ESP must have the capability to exchange data with TEP electronically. Alternative arrangements may be acceptable if mutual agreement is reached between TEP and the ESP.

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- d. TEP will require the ESP and its agents to exchange data with TEP using Electronic Data Interchange ("EDI") formats as established by the ACC.
 - e. For the TEP Consolidated Billing or ESP Consolidated Billing options, compliance testing for EDI transactions will be required. Both the ESP and its agent must demonstrate the ability to perform the EDI data exchange functions required by the ACC and the ESP Service Acquisition Agreement. Any change of the billing agent will require a revalidation of the applicable compliance testing. Provided the ESP is acting diligently and in good faith, its failure to complete such compliance testing shall not affect its ability to offer electric generation to Direct Access Customers. Dual TEP/ESP Billing will be performed until the compliance testing is completed.
7. Have its Meter Reading Service Providers ("MRSPs") satisfy compliance testing to ensure that billing can be completed successfully. Any change of the MRSP will require a revalidation of the applicable compliance testing, which means that, as long as TEP's records show that the MRSP has successfully completed compliance testing for all services they propose to provide to the ESP, TEP will approve the MRSP. TEP reserves the right to charge the ESP for obtaining or estimating reads at ACC-approved rates until such time as the MRSP has completed successful compliance testing as outlined in Section I.17.c of this Article.

H. Direct Access Service Request

1. A Direct Access Service Request ("DASR") is submitted pursuant to the terms and conditions of the ESP Service Acquisition Agreement and this section, and shall also be used to define the Competitive Services that the ESP will provide the Customer.
2. ESPs shall have a CC&N from the ACC; have entered into an ESP Service Acquisition Agreement with TEP, if required; established creditworthiness with TEP; and have successfully completed EDI compliance testing before submitting DASRs.
3. The Customer's authorized ESP must submit a completed DASR to TEP before the Customer can be switched from Standard Offer Service or Competitive Service provided by another ESP. The DASR process described herein shall be used for Customer Direct Access elections, updates, cancellations, Customer-initiated returns to TEP Standard Offer Service, or requests for physical disconnection of service and ESP or Customer-initiated termination of an ESP/Customer service agreement.
4. A separate DASR must be submitted for each service delivery point. Each of the five (5) DASR operation types [Request ("RQ"), Termination of Service Agreement ("TS"), Physical Disconnect ("PD"), Cancel ("CL") and Update/Change ("UC")] has specific field requirements that must be fully completed before the DASR is submitted to TEP. A DASR that does not contain the required field information or is otherwise incomplete may be rejected. In accordance with the provisions of the applicable Service Acquisition Agreement, TEP may deny the ESP or Customer request for service if the information provided in the DASR is false, incomplete, or inaccurate in any material respect. ESPs filing RQ DASRs are thereby representing that they have their Customer's written authorization for such transaction. ESPs filing all other DASRs are thereby representing that they have their Customer's authorization for such transaction.
5. TEP requires that DASRs be submitted electronically using TEP approved methodology.

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6. DASRs will be handled on a first-come, first-served basis. Each request shall be time and date-stamped when received by TEP.
7. Once the DASR is submitted, TEP will provide an acknowledgment of its receipt to the ESP or Customer within the following timeframes:
 - a. TEP will acknowledge receiving Request ("RQ"), Termination of Service Agreement ("TS"), Cancel ("CL") and Update/Change ("UC") DASRs within two (2) working days of the time and date stamp. TEP will exercise best efforts, within three (3) working days to provide the ESP with a DASR status notification informing them whether the DASR has been accepted, rejected or placed in a pending status awaiting further information. If accepted, the effective switch date determined in accordance with Sections G.8, G.9, and G.12 of this Article, will be confirmed in the response to the ESP and the former ESP, if applicable. If a DASR is rejected, TEP shall provide the reasons for the rejection. If a DASR is held pending further information, it shall be rejected if the DASR is not completed with the required information within thirty (30) working days, or by a mutually agreed upon date, following the status notification.
 - b. When a Customer requests its electric services to be disconnected, the ESP is responsible for submitting a Physical Disconnect ("PD") DASR to TEP, regardless of who controls the meter, on behalf of the Customer.
 - (1) When the control of the meter resides with TEP, TEP shall perform the physical disconnect of the service. The "PD" DASR must be received by TEP at least three (3) working days prior to the requested disconnect date. TEP will acknowledge the "PD" DASR within the two (2) working days of the time and date stamp.
 - (2) When the control of the meter resides with the ESP, the ESP is responsible for performing the physical disconnect. The ESP shall notify TEP by DASR of the date of the physical disconnect. Disconnect reads must be posted to the MRSP or ESP server within five (5) working days following the disconnection.
8. Pursuant to A.A.C. R14-2-203(D)(4), DASRs for Customers that do not require a meter change must be received by TEP at least fifteen (15) calendar days prior to the next scheduled meter read date. The actual meter read date will be the effective switch date. DASRs received less than fifteen (15) calendar days prior to the next scheduled meter read date will be scheduled for switch to Direct Access on the following month's read date.
9. Accepted DASRs that require a meter exchange will have an effective change date to Direct Access with the meter exchange date. Notification of meter install dates shall be coordinated between the ESPs, MSPs and TEP's Meter Services Department.
10. If more than one (1) RQ DASR is received for a service delivery point within a billing cycle, only the first valid DASR received shall be processed in that period. All subsequent DASRs shall be rejected.
11. Upon acceptance of an RQ DASR, a maximum of twelve (12) months of Customer usage data, or the available usage for that Customer switching from Standard Offer, shall be provided to the ESP. If there is an existing ESP currently serving that Customer, that ESP shall be responsible for submitting the Customer usage data to the new ESP. In both cases, the Customer usage data will be submitted to the appropriate ESP no later than five (5) working days before the scheduled switch date. ESPs filing DASRs will thereby be representing that they have written authorization from the Customer to receive the Customer usage information.

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12. Customers returning to TEP Standard Offer Service shall follow the same process timing as is used to establish Direct Access Service.
13. ESPs requesting to return a Direct Access Customer to TEP Standard Offer shall submit a Termination of Service DASR and shall be responsible for the continued provision of the Customer's electric supply service, metering, and billing services until the effective change date.
14. Customers requesting to return to TEP Standard Offer Service must contact their ESP. The ESP shall be responsible for submitting the appropriate DASR on behalf of the Customer.
15. TEP may assess the direct access Customer a charge for processing DASRs at a fee approved by the ACC. All ACC-approved charges are payable to TEP within fifteen (15) business days after the invoice date. All charges received after this date may be assessed applicable late fees pursuant to Article 15.
16. A Customer moving to new premises may retain or start Direct Access immediately. The Customer must first contact TEP to establish a service account. The Customer will be provided the necessary information that will enable its ESP to submit a DASR. The same timing requirements apply as set forth in Section G.8 and G.9 of this Article. Customer eligibility requirements set forth in the ACC Rules will apply during the phase-in period.
17. Billing option and metering option changes are requested through a "UC" DASR and cannot be changed more than once per billing cycle.
18. TEP shall not hold the ESP responsible for any Customer unpaid billing charges prior to the Customer's switch to Direct Access. Unpaid billing charges shall not delay the processing of DASRs and shall remain the Customer's responsibility to pay TEP. TEP Article 16 applies in the event of Customer non-payment, which includes the possible disconnection of distribution services. TEP shall not accept any DASRs submitted for Customers who have been terminated for nonpayment and have not yet been reinstated. Disconnection by TEP of a delinquent Customer shall not make TEP liable to the ESP or third parties for the Customer's disconnection.
19. TEP will not offer a levelized billing plan to Direct Access Customers. Customers who have a levelized billing plan at the time of their switch to Direct Access will be removed from such plan, and must pay any accumulated charges in full. TEP will refund any accumulated credit to the Customer after generation of the final Standard Offer bill.

I. Billing Service Options and Obligations

1. Billing Options

Subject to availability, and pursuant to the terms in the ESP Service Acquisition Agreement and TEP's Billing and Credit Protocol, this Article, and applicable Pricing Plans and the restrictions therein, ESPs may select among the following billing options:

- a. TEP Consolidated Billing
- b. ESP Consolidated Billing

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c. Dual TEP/ESP Billing

2. TEP Consolidated Billing

- a. The Customer's authorized ESP sends its bill-ready data to TEP, or TEP calculates ESP charges, and TEP sends a consolidated bill containing both TEP and ESP charges to the Customer.
- b. TEP's Obligations
 - (1) If the ESP elects to send bill-ready data, TEP shall include ESP charges and send the bill either by mail or electronic means to the Customer. TEP is not responsible for computing or determining the accuracy of the ESP charges on the bill. TEP is not required to estimate ESP charges if the expected bill-ready data is not received, nor is TEP required to delay TEP billing. Billing rendered on behalf of the ESP by TEP shall comply with A.A.C. R14-2-1613.
 - (2) TEP may elect to calculate ESP charges. If TEP elects to do so, and if the ESP elects to have TEP calculate the ESP charges, TEP shall update the Customer's records to reflect ESP charges to the Customer based upon the pre-defined ESP Pricing Plan or charges agreed upon between the ESP and the Customer for the ESP's services. TEP will calculate both TEP and ESP charges, include all charges on the bill, and send the bill either by mail or electronic means to the Customer.
 - (3) TEP bills shall include a total of ESP charges and applicable taxes, assessments and fees billed, the ESP's telephone number, and the Customer's rate schedule number or service offer. Any billing-related details of ESP charges may be provided as specified in the applicable Pricing Plan approved by the ACC. These items shall be printed with the TEP bill or electronically transmitted to the Customer.
 - (4) TEP shall process Customer payments. The ESP shall receive payment for its charges as specified in this Article at Section H.7, Payment and Collection Terms.

c. ESP's Obligations

- (1) Once a billing election is in place as specified in the ESP Service Acquisition Agreement, the ESP may offer TEP Consolidated Billing services to Direct Access Customers.
- (2) The ESP shall submit the necessary billing information to facilitate billing services under this billing option by service point, according to TEP's meter reading schedule, and pursuant to the applicable Pricing Plan. Timing of billing submittals is provided for in Section H.2.d below.

d. Timing Requirements

- (1) Bills under this option will be rendered once a month. Nothing contained in this Article shall limit TEP's ability to render bills more frequently consistent with TEP's existing practices. However, if TEP renders bills more frequently than once a month, ESP charges need only to be calculated based on monthly billing periods.
- (2) Except as provided in Section H.2.d.1, TEP shall require that all ESP and TEP charges be based on the same billing period data.

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- (3) ESP charges for normal monthly Customer billing and any adjustments for prior months' metering or billing errors must be received by TEP in EDI "810" (bill-ready data) format no later than 3:00 p.m. on the last working day of TEP's bill processing window. If billing charges have not been received from the ESP by this date, the last day of the TEP bill-processing window, TEP will render the bill for TEP charges only, without ESP charges. The ESP must wait until the next billing cycle, unless there is a mutual agreement for TEP to send an interim bill. If TEP renders the bill for TEP charges only, TEP will include a note on the bill stating that ESP charges will be forthcoming. An interim bill issued pursuant to this Section may also include a message that TEP charges were previously billed.
- (4) ESP charges for a Physical Disconnect Final Bill must be received by 3:00 p.m. on the fifth working day following the actual disconnect date. If final billing charges have not been received from the ESP by this date, TEP will render the Customer's final bill for TEP charges only, without the ESP's final charges. If TEP renders the bill for TEP charges only, TEP will include a note on the bill stating that ESP charges will be forthcoming. The ESP must then produce a separate final bill for their charges, unless otherwise agreed upon by TEP and the ESP.

3. ESP Consolidated Billing

- a. TEP calculates and sends its bill-ready data to the ESP. The ESP in turn sends a consolidated bill to its Customer. The ESP shall be obligated to provide the Customer detailed TEP charges to the extent that the ESP receives such detail from TEP. The ESP is not responsible for the accuracy of TEP charges.
- b. TEP's Obligations
 - (1) TEP shall calculate all TEP charges once per month and provide these to the ESP to be included on the ESP consolidated bill or as otherwise specified.
 - (2) TEP shall provide the ESP sufficient detail of TEP charges, including any adjustments for prior months' metering and billing error, by EDI 810 format. TEP charges that are not transmitted to the ESP by 3:00 p.m. on the last working day of TEP's bill processing window need not be included in the ESP's bill. If TEP's billing charges have not been received by such date, the ESP may render the bill without TEP charges unless there is a mutual agreement to have the ESP send an interim bill to the Customer including TEP charges. If the ESP does not include such late-received charges, the ESP shall bill the charges in the next available billing cycle after receipt of the billing data from TEP. The ESP will include a message on the bill stating that TEP charges are forthcoming.
 - (3) For a Physical Disconnect Final Bill, TEP will provide the ESP with TEP's final bill charges by 3:00 p.m. on the fifth working day following the actual disconnect date. If TEP's billing charges have not been received by such date, the ESP may render the bill without TEP charges. TEP will then render a separate bill for the UDC charges, unless a mutual agreement is made between TEP and the ESP to have a final bill produced and sent to the Customer for the TEP final charges. The ESP shall include a message on the bill stating that TEP charges are forthcoming.
 - (4) TEP charges shall be calculated based on existing TEP billing cycles regardless of which party provides the meter reading. TEP charges shall be conveyed to the ESP electronically or by other means acceptable to both the ESP and TEP.

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c. ESP Obligations

- (1) Once an ESP Service Acquisition Agreement is entered into, including an appropriate billing election, creditworthiness has been established, and all other applicable prerequisites are met, the ESP may offer consolidated billing services to Direct Access Customers they serve.
- (2) The ESP bill shall include any billing-related details of TEP charges. The TEP charges may be printed with the ESP bill or electronically transmitted. Billing rendered on behalf of TEP by the ESP shall comply with A.A.C. R14-2-1612.
- (3) Other than including the billing data provided by TEP on the Customer's bill, the ESP has no obligations regarding the accuracy of TEP charges calculated by TEP or for disputes related to these charges. Disputed charges shall be handled according to ACC procedures.
- (4) The ESP shall process Customer payments and handle collection responsibilities. Under this billing option, the ESP must pay all TEP charges due to TEP and not disputed by the Customer pursuant to Section H.7.b.1 of this Article.
- (5) Subject to the limitations of this Section and with the written consent of the Customer, the ESP may offer Customers customized billing cycles or payment plans which permit the Customer to pay the ESP for TEP charges in different amounts than TEP charges to the ESP for any given billing period. Such plans shall not, however, affect in any manner the obligation of the ESP to pay TEP charges as billed by TEP. Should the Customer select an optional payment plan, all TEP charges must be billed in accordance with A.A.C. R14-210(G).

d. Timing Requirements

ESPs may render bills more or less frequently than once a month. However, TEP shall continue to bill the ESP each billing cycle period for the amounts due by the Customer for that billing month.

4. Dual TEP/ESP Billing

- a. TEP and the ESP each separately bill the Customer directly for services provided by them. The billing method is the sole responsibility of TEP and ESP.
- b. TEP and the ESP shall process only the Customer payments relating to their respective charges.

5. Billing Information and Inserts

- a. All TEP Customers, including Direct Access Customers, shall receive mandated legal, safety and other notices equally in accordance with A.A.C. R14-2-204 (B). If the ESP is providing consolidated billing, TEP shall make available one (1) copy of these notices per Customer to the ESP for distribution to Customers or, at the ESP's request, in electronic format to the ESP for production and communication to electronically billed Customers. If TEP is providing consolidated billing services, TEP shall continue to mail these notices in the billing envelope and may use the billing envelope as it does in current practices for providing such information.

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- b. Under TEP Consolidated Billing, ESP bill inserts may be included pursuant to the applicable TEP Pricing Plan.

6. Billing Adjustments for Meter and Billing Error

a. Meter and Billing Error

- (1) The MSP or MRSP (including the ESP or TEP if providing such services), whichever discovers it first, shall resolve any meter errors and must notify the ESP and TEP, as applicable, so any billing adjustments can be made. Additionally, the MSP or MRSP, whichever discovers the error or errors first, must notify all other affected parties, including the appropriate Scheduling Coordinator.

- (2) A billing error is the incorrect billing of the Customer's electrical usage. If the MSP, MRSP, ESP or TEP becomes aware of a potential billing error, the party discovering the billing error shall contact the ESP and TEP, as applicable, to investigate the error. If it is determined that there is in fact a billing error, the ESP and TEP will make any necessary adjustments, and the ESP will notify all other affected parties in a timely manner.

(3) TEP Consolidated Billing

- (a) TEP shall be responsible for notifying the Customer and adjusting the bill for TEP charges to the extent those charges were affected by the meter or billing error.
- (b) The ESP shall be responsible for any recalculation of the ESP charges if the ESP is providing bill-ready data. Following the receipt of the recalculated charges from the ESP, the charges or credits will be applied to the Customer's next normal monthly bill, unless there is mutual agreement to have TEP send an interim bill to the Customer including the ESP's charges.
- (c) TEP shall be responsible for any recalculation related to the ESP charges if TEP is calculating the ESP charges.

(4) ESP Consolidated Billing

- (a) The ESP shall be responsible for notifying the Customer and adjusting the bill for ESP charges to the extent those charges were affected by the meter or billing error. The Customer shall be solely responsible for obtaining refunds of ESP electric generation overcharges attributable to a fast meter from its current and prior ESPs, as appropriate.
- (b) TEP shall transmit adjusted TEP charges and any refunds for overcharges to the ESP with the Customer's next normal monthly bill. The ESP shall apply the charges to the Customer's next normal monthly bill, unless there is a mutual agreement to have the ESP send an interim bill to the Customer including TEP's charges.

(5) Dual TEP/ESP Billing

TEP and ESP shall be separately responsible for notifying the Customer and adjusting its respective bill for their charges.

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7. Payment and Collection Terms

a. TEP Consolidated Billing

- (1) TEP shall remit payments to the ESP for the total ESP charges collected from the Customer within three (3) working days after the Customer's payment is received. TEP is not required to pay amounts owed to the ESP for ESP charges billed but not received by TEP.
- (2) The Customer is obligated to pay TEP for all undisputed TEP and ESP charges consistent with existing Pricing Plans and other contractual arrangements for service between the ESP and the Customer.
- (3) The ESP is responsible for all collections related to the ESP services on the Customer's bill, including, but not limited to, security deposits and late charges unless otherwise agreed upon in the customized billing service agreement between ESP and TEP.

b. ESP Consolidated Billing

- (1) The ESP shall pay amounts owed to TEP for undisputed TEP charges whether or not the Customer has paid the ESP. Payment is due in full from the ESP within fifteen (15) business days after the date TEP's charges are rendered to the ESP. The ESP shall pay all undisputed TEP charges due TEP regardless of whether the Customer has paid the ESP. All charges received after fifteen (15) business days may be assessed applicable late fees pursuant to Article 15. If an ESP fails to pay these charges prior to the next billing cycle, TEP may revert the billing option for that ESP's Customers to Dual Billing pursuant to Section H.10.d. If an ESP is late in paying charges a deposit or additional deposit as provided for in Section H.11 of this Article may be required.
- (2) TEP shall be responsible for any follow-up inquiries with the ESP if there is question concerning the payment amount.
- (3) TEP has no payment obligations to the ESP for Customer payments under ESP Consolidated Billing services.

c. Dual TEP/ESP Billing

TEP and ESP are separately responsible for collection of Customer payment for their respective charges.

8. Late or Partial Payments and Unpaid Bills

a. TEP Consolidated Billing

- (1) TEP shall not be responsible for ESP's Customer collections, collecting the unpaid balance of ESP charges from Customers, sending notices informing Customers of unpaid ESP balances, or taking any action to recover the unpaid amounts owed the ESP. The ESP shall assume any collection obligations and/or late charge assessments for late or unpaid balances related to ESP charges under this billing option.

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(2) All Customer payments shall be applied first to unpaid balances identified as TEP charges until such balances are paid in full, then applied to ESP charges. A Customer may dispute charges as provided by A.A.C. R14-2-212 and this Article, but a Customer will not otherwise have the right to direct partial payments between TEP and the ESP.

(3) ACC rules shall apply to late or non-payment of all TEP Customer charges. Undisputed TEP delinquent balances owed on a Customer account shall be considered late and subject to TEP late payment procedures by TEP.

b. Dual TEP/ESP Billing

TEP and the ESP are responsible for collecting their respective unpaid balances, sending notices to Customers informing them of the unpaid balance, and taking appropriate actions to recover their respective unpaid balances. Customer disputes with ESP charges must be directed to the ESP and Customer disputes with TEP charges must be directed to TEP.

9. Service Disconnects and Reconnects

a. In accordance with ACC rules, TEP has the right to disconnect electric service to the Customer for a variety of reasons, including, but not limited to, the non-payment of TEP final bills or any past due charges by the Customer, or evidence of safety violations, energy theft, or fraud, by the Customer. TEP will perform the disconnect for non-payment regardless of the ESP. The following provides for service disconnects and reconnects.

(1) TEP shall notify the Customer and the Customer's ESP of TEP's intent to disconnect electric service for the non-payment of TEP charges prior to disconnecting electric service to the Customer. TEP shall further notify the ESP at the time the Customer has been disconnected. To the extent authorized by the ACC, a service charge may be imposed on the Customer if a field call is performed to disconnect electric service.

(2) TEP shall reconnect electric service for an ACC-authorized service fee when the criteria for reconnection have been met to TEP's satisfaction. TEP shall notify the ESP of a Customer's reconnection.

(3) TEP shall not disconnect electric service to the Customer for the non-payment of ESP charges by the Customer. In the event of non-payment of ESP charges by the Customer, the ESP may submit a DASR requesting termination of the service agreement and request return to TEP Standard Offer Service. TEP will then advise the Customer that they will be placed on TEP Standard Offer Service unless a DASR is received from another ESP on their behalf.

10. Involuntary Service Changes

a. Service Changes

(1) A Customer may have its service of electricity, billing, or metering from an ESP changed to another provider, including TEP, involuntarily in the following circumstances:

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- (a) The ACC has decertified the ESP or the ESP otherwise receives an ACC order that prohibits the ESP from serving the Customer.
 - (b) The ESP, including its agents, has materially failed to meet its obligations under the terms of the ESP's ESP Service Acquisition Agreement with TEP (including applicable Pricing Plans and schedules) so as to constitute an Event of Default under the terms of the ESP Service Acquisition Agreement, and TEP exercises its contractual right to terminate the ESP Service Acquisition Agreement.
 - (c) The ESP has materially failed to meet its obligations under the terms of the ESP Service Acquisition Agreement (including applicable Pricing Plans and schedules) so as to constitute an Event of Default and TEP exercises a contractual right to change billing options.
 - (d) The ESP ceases to perform by failing to provide schedules through a Scheduling Coordinator wherever such schedules are required, or the ESP fails to have a Service Acquisition Agreement in place with a Scheduling Coordinator.
 - (e) The Customer fails to meet its Direct Access requirements and obligations under the ACC rules and TEP's Pricing Plans and schedules.

b. Change of Service Election in Exigent Circumstances

In the event TEP finds that an ESP or the Customer has materially failed to meet its obligations under this Article or the ESP Service Acquisition Agreement such that TEP elects to invoke its remedies under this Section H.10 (other than termination of ESP Consolidated Billing under Section H.10.a.1.c) and the failure constitutes an emergency (defined as posing a substantial threat to the reliability of the electric system or to public health and safety), or the failure relates to ESP's sale of unscheduled energy, TEP may initiate a change in the Customer's service election, or terminate an ESP's ability to offer certain services under Direct Access. In such case, TEP shall initiate the change or termination by preparing a DASR, but the change or termination may be made immediately notwithstanding the applicable DASR processing times set forth in this Article. TEP shall provide such notice and opportunity to cure the problem as is reasonable under the circumstances, if any is reasonable. Additionally, TEP shall notify the ACC of the circumstances that required the change or the termination and the resulting action taken by TEP. The ESP and/or Customer shall have the right to seek an order from the ACC restoring the Customer's service election and/or the ESP's ability to offer services. Unless expressly ordered by the ACC, the provisions of this section shall not disconnect electric service provided to the Customer other than as provided in Section G.7.b.2 of this Article.

c. Change in Service Election Absent Exigent Circumstances

- (1) In the event TEP finds that an ESP has materially failed to meet its obligations under this Article or the ESP Service Acquisition Agreement such that TEP seeks to invoke its remedies under this Section H.10 (other than termination of ESP Consolidated Billing under Section H.10.a.1.c), and the failure does not constitute an emergency (as defined in Section 7.10.2.1) or involve an ESP's unauthorized energy use, TEP shall notify the ESP and the ACC of such finding in writing stating the following:

- (a) The nature of the alleged failure;

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- (b) The actions necessary to cure the failure; and
- (c) The name, address and telephone number of a contact person at TEP authorized to discuss resolution of the failure.
- (2) The ESP shall have thirty (30) calendar days from receipt of such notice to cure the alleged failure or reach an agreement with TEP regarding the alleged failure. If the failure is not cured and no agreement is reached between TEP and the ESP following this thirty (30) day period, TEP may initiate the DASR process set forth in this Article to accomplish its remedy and shall notify the Customers of such remedy. Unless expressly ordered by the ACC, the provisions of this section shall not disconnect electric service provided to the Customer other than as provided in Section G.7.b.2 of this Article.
- d. Termination of ESP Consolidated Billing
- (1) ESP Consolidated Billing may be terminated under the circumstances set forth in this Section H.10.d. This Section H.10.d sets forth the notice and opportunity to cure provisions applicable to defaults that permit a remedy of terminating ESP Consolidated Billing under this Article (which is incorporated by reference in the ESP Service Acquisition Agreement)
- (2) TEP may terminate ESP Consolidated Billing under the following circumstances:
- (a) If TEP finds that the information provided by the ESP in the ESP Service Acquisition Agreement is materially false, incomplete or inaccurate; the ESP attempts to avoid payment of ACC-authorized TEP charges; or the ESP files for bankruptcy, fails to have an involuntary bankruptcy proceeding filed against the ESP dismissed within sixty (60) calendar days, admits insolvency, makes a general assignment for the benefit of creditors, is unable to pay its debts as they mature, or has a trustee or receiver appointed over all or a substantial portion of its assets, TEP shall notify affected Customers that ESP Consolidated Billing services will be terminated, and TEP may switch affected Customers to Dual Billing as promptly as possible.
- (b) If the ESP fails to pay TEP (or dispute payment pursuant to the procedures set forth in this Article) the full amount of all TEP charges and fees by the applicable due date, TEP shall notify the ESP of the past due amount within two (2) working days of the applicable past due date. If the ESP incurs late charges on more than three (3) occasions or fails to pay overdue amounts including late charges within five (5) working days of the receipt of notice by TEP, TEP may notify the ESP's Customers and the ESP that ESP Consolidated Billing services will be terminated, and that Customers shall be switched to Dual Billing.
- (c) If the ESP fails to comply within thirty (30) calendar days of the receipt of notice from TEP of any additional credit, security or deposit requirements set forth in Sections F.6 and H.11 of this Article, TEP may notify the ESP that ESP Consolidated Billing services will be terminated, and that Customers shall be switched to Dual Billing.
- (3) Upon termination of ESP Consolidated Billing pursuant to this Section H.10.d, TEP may deliver a separate bill for all TEP charges that were not previously billed by the ESP.

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(4) TEP may reinstate the ESP's eligibility to engage in ESP Consolidated Billing upon a reasonable showing by the ESP that the problems causing the revocation of ESP Consolidated Billing have been cured, including payment of any late charges, reestablishing credit requirements in compliance with Sections F.6 and H.11, and payment to TEP of all costs associated with changing ESP Customers' billing elections to and from dual billing.

(5) In the event TEP terminates ESP Consolidated Billing, TEP will return any security posted by the ESP pursuant to the ESP Service Acquisition Agreement.

e. Upon termination of ESP Direct Access services pursuant to this Section H.10, the provision of the affected service(s) shall be assumed by another eligible ESP from which the Customer elects to obtain the affected service(s). Absent an election by the Customer, TEP shall provide such services, until such time that the Customer makes an election.

f. TEP shall not use involuntary service changes in an anticompetitive or discriminatory manner.

11. ESP Security Deposits

a. TEP may, at its discretion, require cash security deposits from any ESP that has on more than one occasion failed to timely pay TEP charges or ACC-approved Direct Access charges, such as DASR fees, meter or billing error or service fees, and other fees applicable to an ESP through this Article and TEP's other Pricing Plans and schedules.

b. The amount of the security deposit required shall not exceed two and one-half (2.5) times the estimated maximum monthly bill to the ESP for such charges, and a separate security deposit may be required for separate categories of ESP or Direct Access charges.

c. Security deposits required pursuant to this Section H.11 shall be in the form of a cash deposit or other acceptable means of security accruing interest as specified in TEP's Article 3. TEP shall issue the ESP a nonnegotiable receipt for the amount of the deposit.

d. TEP may refuse to accept DASRs from, or provide other TEP services to, an ESP that fails to comply with ten (10) business days to a demand that the ESP establish a security deposit pursuant to this Section H.11.

J. Meter Services

1. Under Direct Access, ESPs may offer certain metering services for Direct Access implementation, including meter ownership, (MSP) and (MRSP) services.

2. TEP has the right to offer the following meter services:

a. Metering and Meter Reading for Residential Load-Profiled Customers.

b. All competitive Metering or Meter Reading services as authorized pursuant to Rule R14-2-1615.

c. Other services as authorized by the ACC.

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3. TEP reserves the right to perform meter disconnects, regardless of meter ownership, in cases of non-payment for TEP charges.
4. An ESP may sub-contract Metering or Meter Reading Services to a qualified third party. If the ESP sub-contracts any of the components of these services to a third party, the ESP shall, for the purposes of this Article, remain responsible for the services.
5. ESPs providing Metering or Meter Reading Services to Direct Access Customers either on their own or through a third party assume full responsibility for meeting the applicable meter and communication standards, as well as assuming responsibility for the safe installation and operation of the meter and any personal injuries and damage caused to Customer or TEP property by the meter or its installation. This liability will lie with the ESP regardless of whether the ESP or its subcontractors perform the work.
6. Meter Specifications
 - a. The Director of Utilities Division of the ACC has determined the following specifications and standards shall apply to competitive metering where applicable:
 - b. Metering standards (American National Standards Institute):

ANSI C12.1	Code for Electricity Metering
ANSI C12.6	Marketing & Arrangement of Terminals for Phase Shifting Devices used in Metering
ANSI C12.7	Watt-hour Meter Socket
ANSI C12.10	Electromechanical Watt-hour Meters
ANSI C12.13	Electronic TOU Registers for Electricity Meters
ANSI C12.18	Type 2 Optical Port
ANSI C12.20	0.2% & 0.5% Accuracy Class Meters
ANSI C37.90	Surge Withstand Test
ANSI 57.13	Instrument Transformers (All CTs & PTs)
ANSI Z1.4	Sampling Procedures and Tables for Inspection
ANSI Z1.9	Sampling Procedures and Tables for Inspection
 - c. EEI Electricity Metering Handbook
 - d. Electric Utilities Service Equipment Requirements Committee ("EUSERC")
 - e. National Electric Code ("NEC") & Local Requirements

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- f. TEP Electric Service Requirements Handbook
 - g. National Electrical Safety Code
 - h. ESPs or their contractors providing competitive metering services shall also comply with such other specifications or standards determined to be applicable or appropriate by the ACC's Director of Utilities Division.
7. Meter Conformity
- a. All Direct Access meters shall have a visual kWh display and must have a physical interface to enable on-site interrogation of all stored meter data. All meters installed must support the Customer's TEP Pricing Plan.
 - b. If TEP is providing MRSP functions for the ESP, meters must be compatible with TEP's meter reading system.
 - c. No meter or associated metering equipment shall be set or allowed to remain in service if it is determined that the meter or its associated equipment did not meet TEP's existing approved specifications, as set forth in TEP's Electric Service Requirements Manual in place at the time of installation.
8. Meter Testing
- a. If a manufacturer's sealed meter has not previously been set and the meter was tested within the last twelve (12) months, the meter shall be deemed in compliance with ACC standards without additional testing.
 - b. Any meter removed from service shall receive a calibration test prior to reinstallation.
 - c. Records on calibration shall be maintained by the MSP and provided to the requesting parties within three (3) working days of such a request for such records. The latest calibration record shall be kept as long as the meter is in service.
9. Meter Test Requests
- a. Pursuant to A.A.C. R14-209 (F), either party may request that the other party perform a meter test, in which instance the requesting party is entitled to witness the test if it so chooses.
 - b. The requesting party shall be notified of the test date and written test results from the testing party. If the meter is found to be within ACC-approved standards, the requesting party shall reimburse the other party for all costs incurred in the process of testing the meter (per ACC-approved Pricing Plans).
 - c. The MSP shall take reasonable measures to detect meter error. The MSP shall notify TEP as soon as it becomes aware of any meter that is not operating in compliance with ACC performance specifications. The MSP shall make any repairs or changes required to correct the error and notify TEP's Meter Services Department.
10. Meter Identification

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- a. The ESP or its agent shall install a Universal Meter Identifier ("UMI") as prescribed in the ACC Competition Rules. This UMI sticker must be readily visible from the front of the meter.
- b. When an ESP installs either its own meter or a Customer owned meter, the ring or lock ring must be secured with an orange seal that is imprinted with the name of the load serving ESP's name or logo or their agent.

11. Installation of Metering Equipment

- a. All metering equipment shall be installed according to all applicable ACC requirements and TEP's Electric Service Requirements Manual, Rules and Regulations.
- b. An ESP or its agent must be authorized by TEP to remove a TEP-owned meter or PTs and CTs. Once authorized, when the ESP or its agent intends to remove a TEP meter with or without CTs and PTs and install a new meter with or without CTs and PTs in its place, the ESP or its agent must first notify TEP's Meter Services Department.
- c. The ESP or its agent shall inform TEP's Meter Services Department of all meter activity, such as meter installations, exchanges, CT and PT exchanges within the time frames specified above. Additionally, the ESP must provide TEP with the most recent meter calibration test data. If final meter reads are not provided to TEP, are inaccurate, or otherwise result in TEP not being able to render accurate final bills to Customers pursuant to ACC Rules and Regulations, the ESP shall be responsible for any unbilled, disputed, or unrecoverable amounts and applicable late charges. If TEP is acting as the MRSP for an ESP, and final meter reads are not provided to the ESP, are inaccurate, or otherwise result in the ESP not being able to render accurate final bills to Customers pursuant to ACC Rules and Regulations, TEP shall be responsible for any unbilled, disputed, or unrecoverable amounts and applicable late charges.
- d. The ESP or its agent shall return the existing meter with any removed PTs and CTs to TEP at one of TEP's designated locations throughout TEP's service territory within fifteen (15) working days after its removal, or be charged the cost of the meter and metering equipment and/or any other charges per the applicable ACC-approved Pricing Plan. The ESP or its agent shall be responsible for damage to the meter and/or metering equipment occurring during shipment. TEP shall return the existing ESP meter with any removed PTs and CTs owned by the ESP or its agent to the ESP at one of the ESP's designated locations throughout TEP's service territory within fifteen (15) working days after its removal, or be charged the cost of the meter and metering equipment and/or any other charges per the applicable ACC-approved Pricing Plan. TEP shall be responsible for damage to the meter and/or metering equipment occurring during shipment.

12. On-Site Inspections/Site Meets

- a. TEP may perform on-site inspections of meter installations. The ESP shall be notified if the inspections uncover any material non-compliance by the MSP with the approved specifications and standards.
- b. For new construction, TEP shall ensure that the owner/builder has met the construction standards outlined in the TEP Electric Service Requirements Manual, as well as local municipal agency requirements, and any updates, supplements, amendments and other changes that may be made to this manual and requirements. TEP shall perform a pre-installation inspection on all new construction. Local city/county clearances will also be required prior to energizing any new construction.

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- c. TEP may require a site meet to exchange or remove an IDR meter which requires an optical device to retrieve interval data; an existing totalized metering installation; a restricted access location for which TEP forbids key access; co-generation, bi-directional or detented metering; or on request of an ESP or MSP. The ESP and TEP's Meter Services Department shall coordinate the time of the site meet. If the ESP or MSP misses two (2) site meets, TEP may cancel the applicable DASR.
- d. TEP may charge for a site meet requested by the ESP or MSP, or if the ESP or MSP fails to arrive within thirty (30) minutes of the appointment time, or if the ESP fails to cancel a site meet at least one (1) working day in advance of the appointment time. The ESP or MSP may charge for a site meet requested by TEP under the same conditions specified herein.

13. Meter Service Options and Obligations

- a. Meter Ownership shall be limited to TEP, an ESP, or the Customer. The Customer must obtain the meter through TEP or an ESP. Although a Customer may own the electric meter, maintenance and servicing of the metering equipment shall be limited to TEP, the ESP, or the ESP's agent.
- b. If the ESP or Customer owns the meter, the ESP may purchase the existing CTs and PTs and/or associated metering equipment from TEP. If the ESP chooses not to purchase the CTs and PTs and/or associated equipment, the ESP will still retain responsibility for maintaining and replacing CTs and PTs and/or associated equipment.
- c. The following provisions apply to the ownership of CTs and PTs:
 - (1) For distribution voltages up to 25kv, the ESP or TEP shall own the CTs and PTs. For transmission primary voltages (over 25kv), the CTs and PTs shall be owned by TEP. ESP-owned CTs & PTs must meet TEP specifications. No CTs and PTs or associated metering equipment shall be set or allowed to remain in service if it is determined that the CTs and PTs or its associated equipment did not meet TEP's approved specifications, as set forth in TEP's Electric Service Requirements Manual, in place at the time of installation.
- d. All CT-rated meter installations shall utilize safety test switches, and all self-contained commercial metering shall utilize safety-test blocks as provided in the TEP Electric Service Requirements Manual. During meter exchanges, the ESP or its agent's employees who are certified to perform the related MSP activities may install, replace or operate TEP test switches and operate TEP-sealed Customer-owned test blocks.
- e. Direct Access premises with multiple service entrance sections will be considered separately for metering purposes. Existing totalizing installations will be discontinued upon a Customer's entrance into Direct Access.

14. Installation Options

- a. The ESP may choose from the following list of options for meter installation:
 - (1) ESP owned/ESP installed metering
 - (2) ESP owned/TEP installed metering

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- (3) Customer owned/ESP installed metering
 - (4) Customer owned/TEP installed metering
 - (5) TEP owned/TEP installed metering
- b. ESP or their agents must be certified by the ACC in order to offer MSP services. The policies and procedures described in this Section assume that the MSP service provider and his meter installers have ACC certification. ESPs may elect to offer metering services by:
- (1) Becoming a certified Metering Service Provider.
 - (2) Subcontracting with a third party that is a certified MSP.
 - (3) Subcontracting with TEP under the circumstances described in Section I.2 of this Article.

15. ESP's Obligations When Providing Metering Services

- a. If lock rings are used, they shall meet TEP requirements and protocols.
- b. Provide information to TEP on the specifications and other specifics on meters not purchased from or installed by TEP.
- c. For Customers transferring from Direct Access to Standard Offer service, the ESP shall either allow TEP to remove the Customer's meter, or schedule a joint meet to remove the meter. If the ESP allows TEP to remove meters, the ESP shall coordinate with TEP's Meter Services Department regarding the return of the ESP's meters, which shall be to a location within TEP's service territory. For Customers transferring from Standard Offer to Direct Access Service, TEP shall either allow the ESP to remove the Customer's meter, or schedule a joint meet to remove the meter. If TEP allows the ESP to remove meters, TEP shall coordinate with the ESP or its agent regarding the return of TEP's meters.
- d. Be responsible for obtaining and providing reads from any meter that it installs from the time it is installed to the time it is removed or until meter reading responsibilities are assumed by another ESP or the Customer returns to Standard Offer service.
- e. Ensure that ESP and MSP employees working in TEP territory follow ACC and other applicable safety standards.
- f. In the event that unauthorized energy use is suspected and a safety hazard exists, notify TEP immediately, or within twenty-four (24) hours for non-safety issues, and cooperate with TEP in response thereto.
- g. ESPs and their agents shall take no action to impede TEP's safe and unrestricted access to a Customer's service entrance.
- h. Glass over any socket when a meter is removed and a new meter is not installed.

16. ESP's Obligations When Providing MRSP Services

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- a. MRSP functions shall be performed by certified MRSPs on the ESP's behalf in accordance with ACC regulations, and shall be the responsibility of the party specified in the DASR. MRSP obligations and responsibilities are as stated in the ACC's Rules and requirements and include:
- (1) Meter data for Direct Access Customers shall be read, validated, edited, and transferred pursuant to ACC-approved standards.
 - (2) Both TEP and ESP shall have 24-hour/7 days per week access to the MRSP server.
 - (3) Meter read data including reads as well as the validated usage shall be posted to the MRSP server using EDI "867" format. Estimated reads, along with reasons for the estimate, shall be included with the reads on the MRSP server. The EDI format specification includes the estimated read reason codes to be used.
 - (4) The MRSP shall provide TEP with access to meter data at the MRSP server as required, to allow the proper performance of billing and settlement.
 - (5) MRSPs shall read the Customer's meter on the TEP read cycle. MRSP shall provide TEP with meter reading data in a manner that conforms to TEP's billing cycles in accordance with A.A.C. R14-2-209.
 - (6) The MRSP shall provide re-reads or read verifies within ten (10) working days of a request by TEP or the Customer. The requesting party may be charged per the applicable ACC-approved Pricing Plan if the original read was not in error.

17. Meter Reading Data Obligations

a. **Accuracy for All Meters**

- (1) Meter clocks shall be maintained according to Arizona time within +/- three (3) minutes of the National Time Standard.
- (2) Meter read date and time shall be accurate.
- (3) All meter reading data shall be validated with the applicable ACC-approved requirements.

b. **Timeliness for Validated Meter Reading Data**

- (1) Pursuant to guidelines established by the Utilities Division Director timeliness requirements for the delivery of data, one hundred percent (100%) of the validated meter reads shall be available by 3:00 p.m. local Arizona time on the third working day after the scheduled read date. If the meter reads are not posted or available or are posted clearly in error by 3:00 p.m. on the third working day after the scheduled read date, the read may be estimated or read by TEP and the ESP shall be charged an ACC-approved fee for this service. For newly installed IDR meters, IDR reads shall include the meter read, the interval data and enough information to calculate the read and total consumption to the exact cut-over date and time.

c. **Proof of Operational Ability**

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- (1) Prior to performing MRSP services in TEP's distribution service territory, or prior to making any significant change in MRSP service methodology, each MRSP will perform compliance testing to demonstrate its ability to read meters, validate data, edit data, estimate missing data and post validated data in TEP-compatible EDI format to the MRSP server. In addition, upon installation of the initial meter on Direct Access accounts in TEP's distribution service territory, each MRSP shall prove its ability to read its meters and post validated data in TEP-compatible EDI format to the MRSP server. If the MRSP is unsuccessful in its attempts to meet these requirements, all subsequent requests for meter exchanges will be postponed until the MRSP successfully demonstrates its operational ability.

d. Retention and Format for Meter Reading Data

- (1) All meter reading data for a Customer shall remain posted on the MRSP server for five (5) working days and will be recoverable for at least three (3) years.
- (2) Meter reading data posted to the MRSP server shall be stored in TEP-compatible EDI format.

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18. Non-Conforming Meters, Meter Errors and Meter Reading Errors

- a. Whenever TEP, the ESP or its agents becomes aware of any non-conforming meters, erroneous meter services and/or meter reading services that impact billing, it shall promptly notify the other parties and the Customer in question. Bills found to be in error due to non-conforming meters or errors in meter services or meter reading services will be corrected by the appropriate parties.
- b. In cases of meter failure or non-compliance, the ESP or its agents shall have five (5) working days to correct the non-compliance. If the non-compliance is not remedied within five (5) working days, the following actions may apply:
 - (1) A site meeting may be required when services are being performed. The non-compliant party will be charged an ACC-approved Pricing Plan for the meeting.
 - (2) TEP may repair the defect, and the other party shall be responsible for all related expenses.
 - (3) Upon a demonstrated pattern of non-compliance (with ACC requirements and this Article) and failure to correct the problem in a timely manner, TEP may give written notice to the non-compliant party and to the ACC. After five (5) working days, TEP may suspend processing DASRs from an ESP that uses an MSP or MRSP that is non-compliant until such non-compliance is corrected to TEP's satisfaction.
 - (4) A pattern of non-compliance by an ESP is defined by the following conditions:
 - (a) If more than one percent (1%) of the service points served by an ESP, or five (5) service points, whichever is greater, are found to be non-conforming and are not corrected during the first six (6) months of Direct Access participation by that ESP.
 - (b) More than one-half of one percent (0.5%), or three (3) service points, whichever is greater, are found to be non-conforming and are not corrected during any six (6) consecutive months thereafter.
- c. TEP may refuse to enter into a new ESP Service Acquisition Agreement, or cancel an existing ESP Service Acquisition Agreement pursuant to Section H.10.a.1.b, with any ESP that has a demonstrated pattern of uncorrected non-compliance as established above. This provision shall not apply if the alleged demonstrated pattern of non-compliance or correction thereof is disputed and is pending before any agency or entity with jurisdiction to resolve the dispute.

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DIRECT ACCESS TARIFFS

REDLINED VERSION

DIRECT ACCESS RULES AND REGULATIONS

REDLINED VERSION

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including but not limited to time-of-use, and consumer information services. All components of Standard Offer Service shall be deemed noncompetitive as long as those components are provided in a bundled transaction pursuant to R14-2-1606(A) of the ACC-approved Competition Rules.

B. General Service Provisions

1. Regarding Service Establishments and Reestablishment Charges: TEP will waive service establishment and reestablishment charges for Customers switching from Direct Access to Standard Offer Service, except for the Returning Customer Direct Access Charge ("RCDAC") as described in the RCDAC Rider.
2. Regarding the Company providing written statements of actual consumption: The Company will charge a fee consistent with its ACC-approved Pricing Plans and/or these Rules and Regulations for providing consumption, interval or other data to the Customer or its agent, such as an ESP. All other provisions regarding written statements of actual consumption in TEP's Rules and Regulations still apply to Direct Access Service.
3. Where the Customer has opted for Direct Access service, the Customer's ESP or its agent shall be responsible for installing the meter.
4. Where the Customer has opted for Direct Access service, the Customer's ESP or its agent will be responsible for installing the meter.
5. The Company shall not be responsible for any damage or claim of damage attributable to any interruption or discontinuation of service resulting from Failure of equipment owned and/or installed by the ESP, its agent, or the Customer.

C. Customer Selections

All TEP retail electric Customers shall obtain electric generation and ACC authorized energy services under one of two options:

1. Standard Offer Service ("Bundled Service"): With this election, retail Customers will receive all services, including metering, meter reading, billing, collection and other consumer information services, on a bundled basis at regulated rates authorized by the ACC. Any Customer that has not chosen Direct Access, and who is eligible for Direct Access, shall remain on Standard Offer Service. Direct Access Customers may also choose to return to Standard Offer Service after having elected Direct Access.
2. Competitive Service ("Direct Access"): This service election allows Customers eligible for Direct Access to purchase electric generation and other Competitive Services. Direct Access Customers with single premise demands greater than 20 kW will be required to have in place Interval Metering, as defined below, at no expense to TEP. Pursuant to the Rules, and any restrictions herein, the ESP serving these Customers will have options available for choosing to offer Meter Services, Meter Reading Services and/ or Billing Services on their own behalf (or through a qualified third party) or to have TEP provide those services, as specified within. Meter service options are described in the Sections on Metering Services and Meter Service Options and Obligations in this Article. Billing options are described in the Sections on Billing Service Options and Obligations in this Article and the ESP Service Acquisition Agreement.

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D. General Obligations of TEP

1. Non-Discrimination

TEP shall discharge its responsibilities under the Rules in a non-discriminatory manner as to Customers and providers of all Competitive Services. Unless otherwise authorized by the ACC, the Federal Energy Regulatory Commission ("FERC") or applicable affiliate transactions rules, TEP shall not:

- a. Represent that its affiliates or Customers of its affiliates will receive any different treatment with regard to the provision of TEP services than other, non-affiliated service providers as a result of affiliation with TEP; or
- b. Provide its affiliates, or Customers of its affiliates, any preference based on the affiliation including but not limited to terms and conditions of service, information, pricing or timing over non-affiliated suppliers or their Customers in the provision of TEP services.

2. Transmission and Distribution Service

- a. Subject to State law and the terms of the ACC's Rules and Regulations, this Article, the ESP Service Acquisition Agreement, applicable Pricing Plans and applicable ACC and FERC rules, and provided the ESP and Customer likewise comply therewith, TEP will offer transmission and distribution services on a non-discriminatory basis under applicable Pricing Plans, schedules and contracts for delivery of electric generation to Direct Access Customers.

~~b. TEP shall grant distribution line extension allowances of 500 feet.~~

3. Competition Transition Charge ("CTC")

~~As a condition for receiving Direct Access Service, direct access Customers will be responsible to TEP for all CTC charges (or any other means of recovering stranded costs) as authorized by the Rules and as may be subsequently approved by the ACC.~~

43. System Benefits Charge ("SBC")

- a. System Benefits Charges are those charges approved by the Commission for recovery of low-income, demand-side management, environmental, renewable, and other approved costs from Customers that elect Direct Access Service.
- b. As a condition for receiving Direct Access Service, these Customers will be responsible to pay their portion of System Benefits Charges authorized by the Rules in A.A.C. R14-2-1608 and as may be subsequently approved by the ACC.

E. General Obligations of ESPs

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1. Timeliness, Due Diligence and Security Requirements

- a. ESPs shall exercise due diligence in meeting their obligations and deadlines under the Rules to facilitate Customer choice. ESPs shall make all payments owed to TEP in a timely manner (pursuant to the ACC's requirements, the Rules, the ESP Service Acquisition Agreement the ESP enters into with TEP, and TEP's Pricing Plans and schedules) and subject to applicable payment dispute provisions described below.
- b. TEP shall exercise due diligence in meeting its obligations and deadlines under the Rules to facilitate Customer choice. TEP shall make all payments owed to the ESP in a timely manner (pursuant to the ACC's requirements, Rules, the ESP Service Acquisition Agreement the ESP enters into with TEP, and TEP's Pricing Plans and schedules) and subject to applicable payment dispute provisions described below.
- c. ESPs shall adhere to all credit, deposit and security requirements specified in the ESP Service Acquisition Agreement and TEP's Pricing Plans and schedules.

2. Arrangements with ESP Customers

ESPs shall be solely responsible for having appropriate contractual or other arrangements with their Customers necessary to implement Direct Access consistent with all applicable laws, ACC requirements, the Rules and this Article. TEP shall not be responsible for monitoring, reviewing or enforcing such contracts or arrangements.

3. Responsibility for Electric Purchases

ESPs will be responsible for the purchase of their Direct Access Customers' electric generation needs and the delivery of such purchases to designated receipt points as set forth on schedules given to the Scheduling Coordinators ("SCs").

4. TEP Not Liable for ESP Services

To the extent the Customer elects to take other services from an ESP, TEP has no obligation to the Customer with respect to the services provided by the ESP.

5. Load Aggregation for Procuring Electric Generation/Split Loads

- a. ESPs may aggregate individually metered electric loads for procuring competitive electric generation only. Load aggregation shall not be used to compute TEP charges or for Pricing Plan applicability.
- b. Customers requesting Direct Access Services may not partition the electric loads of a service point among electric service options or providers. The entire load of a service point must be provided by only one (1) ESP. This provision shall not restrict the use of separate parties for metering and billing services.

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6. Interval Metering

- a. Interval Metering is required for all Customers that elect Direct Access and have maximum single premise demands in excess of 20 kW or 100,000 kWh annually. Interval Metering is optional for those Customers with demands of 20 kW or 100,000 kWh annually or less.
- b. For new Customers without prior demand data, TEP shall estimate the demand at the time the Customer establishes a distribution service account with TEP. TEP shall determine, based on its estimates of the Customer's demand, whether the Customer meets the requirements for Interval Metering. With the Customer's written consent, TEP shall provide the Customer's ESP with the data upon which the demand estimate was made.

7. Metering Requirements

Minimum meter data requirements consist of data required to bill TEP distribution Pricing Plans, including 15-minute interval data required for billing demands. TEP shall have access to meter data necessary for regulatory or rate-setting purposes as specified in TEP's protocol regarding meter-data requirements.

8. Statistical Load Profiles

- a. Pursuant to R14-2-1604 (B)(3), TEP will offer statistical load profiles in place of Interval Metering, for qualifying Customers, to estimate hourly consumption for settlement and scheduling purposes.
9. Pursuant to R14-2-1612(K)(6), TEP will offer statistical load profiles in place of Interval Metering for predictable loads, as defined by TEP's Pricing Plans for unmetered loads, to estimate hourly consumption for settlement and scheduling purposes.

9. Fees and Other Charges

- a. Direct Access Customers shall pay all applicable fees, surcharges, impositions, assessments and taxes on the sale of energy or the provisions of other services as authorized by law, ACC rules, rulings or decisions.
- b. The ESP and TEP will each be respectively responsible for paying such fees to the taxing or regulatory agency to the extent it is their obligation to do so.
- c. Both the ESP and TEP will be responsible for providing the authorized billing agent the information necessary to bill these charges to the Customer.

10. Liability In Connection With ESP Services

- a. In this section, "damages" shall include all losses, harm, costs and detriment, both direct, indirect and consequential, suffered by the Customer or third parties.
- b. Except as otherwise required by law, TEP shall not be liable for any damages caused by TEP's conduct in compliance with, or as permitted by, TEP's Rules and Regulations, the ESP Service Acquisition Agreement, the Rules, and associated legal and regulatory requirements related to Direct Access service, or as otherwise set forth in TEP's Rules and Regulations.

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- c. TEP shall not be liable for any damages caused to the Customer by any ESP, including failure to comply with TEP's Rules and Regulations and Pricing Plans, the ESP Service Acquisition Agreement, the Rules and associated legal and regulatory requirements related to Direct Access service.
- d. TEP shall not be liable for any damages caused by the ESP's failure to perform any commitment to the Customer.
- e. An ESP is not a TEP agent for any purpose. TEP shall not be liable for any damages resulting from acts, omissions, or representations made by an ESP in connection with soliciting Customers for Direct Access or rendering Competitive Services.
- f. Under no circumstances shall TEP be liable to the Customer, ESP (including any entity retained by it to provide competitive services to the Customer) or third parties for lost revenues or profits, indirect or consequential damages or punitive or exemplary damages in connection with Direct Access Services. Under no circumstances shall the ESP (including any entity retained by it to provide competitive services to the Customer) be liable to TEP for lost revenues or profits, indirect or consequential damages or punitive exemplary damages in connection with Direct Access Services. This provision shall not limit remedies otherwise available to Customers under TEP's Pricing Plans, Rules and Regulations.

F. Customer Inquiries and Data Accessibility

1. Customer Inquiries

For Customers requesting information on Direct Access, TEP shall make available the following information:

- a. Notification and informational materials to consumers about competition and consumer choices.
- b. A list of ESPs that have been issued a Certificate of Convenience and Necessity to offer Competitive Services within TEP's service territory. TEP will provide the list maintained by the ACC, but TEP is under no obligation to assure the accuracy of this list. Reference to any particular ESP or group of ESPs on the list shall not be considered an endorsement or other form of recommendation by TEP.

2. Access to Customer Usage Data

For TEP Customers on Standard Offer Service, TEP shall provide Customer specific usage data to ESPs that have an ESP Service Acquisition Agreement in place with TEP, or to the Customer, subject to the following provisions:

- a. ESPs may request Customer usage data prior to submission of a Direct Access Service Request ("DASR") by obtaining and submitting to TEP the Customer's written authorization. TEP may charge fees for Customer usage data at rates approved by the ACC.
- b. Upon receipt of a Request DASR, if TEP has been the most recent provider of energy for the Customer, TEP will provide the most recent twelve (12) months of Customer usage data or the amount of data available for that Customer if there is less than twelve (12) months of usage.

3. Customer Inquiries Concerning Billing-Related Issues

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- a. Customer inquiries concerning TEP charges or services shall be directed to TEP.
 - b. Customer inquiries concerning ESP charges or services shall be directed to the ESP.

4. Customer Inquiries Related to Emergency Situations and Outages

- a. TEP shall be responsible for responding to all Standard Offer Service or, in the case of Direct Access Customers, distribution service emergency system conditions, outages and safety situation inquiries related to TEP's distribution system. Customers contacting an ESP with such inquiries are to be referred directly to TEP for resolution. ESPs performing consolidated billing must show TEP's telephone number on their bills for use in emergencies.
- b. TEP may shed or curtail Customer load as provided by its ACC-approved Pricing Plans, Rules and Regulations.

G. **ESP Service Establishment**

An ESP providing competitive generation shall satisfy the following requirements before the ESP can offer Direct Access services in TEP's distribution service territory:

1. Obtain a Certificate of Convenience and Necessity from the ACC which authorizes the ESP to offer Competitive Services to Direct Access Customers within TEP's distribution service territory.
2. Enter into an ESP Service Acquisition Agreement with TEP.
3. Provide proof of a service agreement with a certified Scheduling Coordinator.
4. Register to do business in the State of Arizona and obtain all other licenses and registrations needed as a legal predicate to the ESP's ability to offer Competitive Services to Direct Access Customers in TEP's distribution service territory.
5. Satisfy TEP's creditworthiness requirements as specified in the ESP Service Acquisition Agreement, TEP Billing and Credit Protocol, and TEP's Rules and Regulations if the ESP will offer ESP Consolidated Billing.
6. Satisfy any applicable ACC electronic data exchange requirements including:
 - a. The ESP and/or its designated agents must successfully complete all necessary electronic interfaces between the ESP and TEP to exchange DASRs and general communications.
 - b. The ESP or its agent must successfully complete all electronic interfaces between the ESP and TEP to exchange meter reading and usage data. This will include communication to and from MRSP servers for sharing of meter reading and usage data.
 - c. The ESP must have the capability to exchange data with TEP electronically. Alternative arrangements may be acceptable if mutual agreement is reached between TEP and the ESP.

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- d. TEP will require the ESP and its agents to exchange data with TEP using Electronic Data Interchange ("EDI") formats as established by the ACC.
- e. For the TEP Consolidated Billing or ESP Consolidated Billing options, compliance testing for EDI transactions will be required. Both the ESP and its agent must demonstrate the ability to perform the EDI data exchange functions required by the ACC and the ESP Service Acquisition Agreement. Any change of the billing agent will require a revalidation of the applicable compliance testing. Provided the ESP is acting diligently and in good faith, its failure to complete such compliance testing shall not affect its ability to offer electric generation to Direct Access Customers. Dual TEP/ESP Billing will be performed until the compliance testing is completed.
7. Have its Meter Reading Service Providers ("MRSPs") satisfy compliance testing to ensure that billing can be completed successfully. Any change of the MRSP will require a revalidation of the applicable compliance testing, which means that, as long as TEP's records show that the MRSP has successfully completed compliance testing for all services they propose to provide to the ESP, TEP will approve the MRSP. TEP reserves the right to charge the ESP for obtaining or estimating reads at ACC-approved rates until such time as the MRSP has completed successful compliance testing as outlined in Section 1.17.c of this Article.

H. Direct Access Service Request

1. A Direct Access Service Request ("DASR") is submitted pursuant to the terms and conditions of the ESP Service Acquisition Agreement and this section, and shall also be used to define the Competitive Services that the ESP will provide the Customer.
2. ESPs shall have a CC&N from the ACC; have entered into an ESP Service Acquisition Agreement with TEP, if required; established creditworthiness with TEP; and have successfully completed EDI compliance testing before submitting DASRs.
3. The Customer's authorized ESP must submit a completed DASR to TEP before the Customer can be switched from Standard Offer Service or Competitive Service provided by another ESP. The DASR process described herein shall be used for Customer Direct Access elections, updates, cancellations, Customer-initiated returns to TEP Standard Offer Service, or requests for physical disconnection of service and ESP or Customer-initiated termination of an ESP/Customer service agreement.
4. A separate DASR must be submitted for each service delivery point. Each of the five (5) DASR operation types [Request ("RQ"), Termination of Service Agreement ("TS"), Physical Disconnect ("PD"), Cancel ("CL") and Update/Change ("UC")] has specific field requirements that must be fully completed before the DASR is submitted to TEP. A DASR that does not contain the required field information or is otherwise incomplete may be rejected. In accordance with the provisions of the applicable Service Acquisition Agreement, TEP may deny the ESP or Customer request for service if the information provided in the DASR is false, incomplete, or inaccurate in any material respect. ESPs filing RQ DASRs are thereby representing that they have their Customer's written authorization for such transaction. ESPs filing all other DASRs are thereby representing that they have their Customer's authorization for such transaction.
5. TEP requires that DASRs be submitted electronically using Comma Separated Value ("CSV") form through the ExoTran™ product of Exolink Corporation. TEP approved methodology.

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6. DASRs will be handled on a first-come, first-served basis. Each request shall be time and date-stamped when received by TEP.
7. Once the DASR is submitted, TEP will provide an acknowledgment of its receipt to the ESP or Customer within the following timeframes:
 - a. TEP will acknowledge receiving Request ("RQ"), Termination of Service Agreement ("TS"), Cancel ("CL") and Update/Change ("UC") DASRs within two (2) working days of the time and date stamp. TEP will exercise best efforts, within three (3) working days to provide the ESP with a DASR status notification informing them whether the DASR has been accepted, rejected or placed in a pending status awaiting further information. If accepted, the effective switch date determined in accordance with Sections G.8, G.9, and G.12 of this Article, will be confirmed in the response to the ESP and the former ESP, if applicable. If a DASR is rejected, TEP shall provide the reasons for the rejection. If a DASR is held pending further information, it shall be rejected if the DASR is not completed with the required information within thirty (30) working days, or by a mutually agreed upon date, following the status notification.
 - b. When a Customer requests its electric services to be disconnected, the ESP is responsible for submitting a Physical Disconnect ("PD") DASR to TEP, regardless of who controls the meter, on behalf of the Customer.
 - (1) When the control of the meter resides with TEP, TEP shall perform the physical disconnect of the service. The "PD" DASR must be received by TEP at least three (3) working days prior to the requested disconnect date. TEP will acknowledge the "PD" DASR within the two (2) working days of the time and date stamp.
 - (2) When the control of the meter resides with the ESP, the ESP is responsible for performing the physical disconnect. The ESP shall notify TEP by DASR of the date of the physical disconnect. Disconnect reads must be posted to the MRSP or ESP server within five (5) working days following the disconnection.
8. Pursuant to A.A.C. R14-2-203(D)(4), DASRs for Customers that do not require a meter change must be received by TEP at least fifteen (15) calendar days prior to the next scheduled meter read date. The actual meter read date will be the effective switch date. DASRs received less than fifteen (15) calendar days prior to the next scheduled meter read date will be scheduled for switch to Direct Access on the following month's read date.
9. Accepted DASRs that require a meter exchange will have an effective change date to Direct Access with the meter exchange date. Notification of meter install dates shall be coordinated between the ESPs, MSPs and TEP's Meter Services Department.
10. If more than one (1) RQ DASR is received for a service delivery point within a billing cycle, only the first valid DASR received shall be processed in that period. All subsequent DASRs shall be rejected.
11. Upon acceptance of an RQ DASR, a maximum of twelve (12) months of Customer usage data, or the available usage for that Customer switching from Standard Offer, shall be provided to the ESP. If there is an existing ESP currently serving that Customer, that ESP shall be responsible for submitting the Customer usage data to the new ESP. In both cases, the Customer usage data will be submitted to the appropriate ESP no later than five (5) working days before the scheduled switch date. ESPs filing DASRs will thereby be representing that they have written authorization from the Customer to receive the Customer usage information.

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12. Customers returning to TEP Standard Offer Service shall follow the same process timing as is used to establish Direct Access Service.
13. ESPs requesting to return a Direct Access Customer to TEP Standard Offer shall submit a Termination of Service DASR and shall be responsible for the continued provision of the Customer's electric supply service, metering, and billing services until the effective change date.
14. Customers requesting to return to TEP Standard Offer Service must contact their ESP. The ESP shall be responsible for submitting the appropriate DASR on behalf of the Customer.
15. TEP may assess the direct access Customer a charge for processing DASRs at a fee approved by the ACC. All ACC-approved charges are payable to TEP within fifteen (15) business days after the invoice date. All charges received after this date may be assessed applicable late fees pursuant to Article 15.
16. A Customer moving to new premises may retain or start Direct Access immediately. The Customer must first contact TEP to establish a service account. The Customer will be provided the necessary information that will enable its ESP to submit a DASR. The same timing requirements apply as set forth in Section G.8 and G.9 of this Article. Customer eligibility requirements set forth in the ACC Rules will apply during the phase-in period.
17. Billing option and metering option changes are requested through a "UC" DASR and cannot be changed more than once per billing cycle.
18. TEP shall not hold the ESP responsible for any Customer unpaid billing charges prior to the Customer's switch to Direct Access. Unpaid billing charges shall not delay the processing of DASRs and shall remain the Customer's responsibility to pay TEP. TEP Article 16 applies in the event of Customer non-payment, which includes the possible disconnection of distribution services. TEP shall not accept any DASRs submitted for Customers who have been terminated for nonpayment and have not yet been reinstated. Disconnection by TEP of a delinquent Customer shall not make TEP liable to the ESP or third parties for the Customer's disconnection.
19. TEP will not offer a levelized billing plan to Direct Access Customers. Customers who have a levelized billing plan at the time of their switch to Direct Access will be removed from such plan, and must pay any accumulated charges in full. TEP will refund any accumulated credit to the Customer after generation of the final Standard Offer bill.
20. ~~During the phase in period (October 1, 1999 through December 31, 2000), residential Customers will be eligible for Direct Access on a first come, first served basis. The percentage of eligible residential Customers will begin to increment on January 1, 1999. TEP will accept DASRs for the appropriate accumulated percentage reached, as specified in the Rules, when the TEP service area is opened to competition. Each quarter shall be closed once TEP has accepted DASRs for the total number of Customers eligible in that quarter. TEP shall reject DASRs received over the allowable quarterly limit, and notify the ESP and the Customer of quarter of eligibility. ESPs are responsible for resubmitting these rejected DASRs in the appropriate quarter.~~
21. ~~During the phase in period (October 1, 1999 through December 31, 2000), ESPs are required to complete a Direct Access Load Aggregation Submittal form ("DALAS") for those Customers they choose to aggregate. DALAS forms will be accepted for Customers aggregated into a combined load of 1 MW or greater. The DALAS form shall be submitted to TEP, at which point TEP will review and approve the form, if it is complete and accurate in all material respects and satisfies the requirements for load aggregation. TEP will notify the ESP if the DALAS~~

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form is valid within three (3) working days. Upon approval by TEP, ESPs must submit the DASRs for the service delivery points indicated on the DALAS form within three (3) working days. DASRs received prior to DALAS form approval shall be rejected. The ESP may submit additional DASRs to add new service points to their aggregate load pool consistent with TEP's DASR protocol and these Rules and Regulations. DASRs received by TEP for loads up to 999 kW will be rejected if not participating in a TEP approved load aggregation pool (i.e., complied with the DALAS process set forth in this Section).

22. During the phase in period (October 1, 1999 through December 31, 2000), the number of commercial and industrial Customers eligible to participate in Direct Access will be based on the amount of megawatts available for competition under the Rules. Available MWs will be distributed on a first come, first served basis to eligible commercial and industrial Customers. TEP will begin accepting DASRs for eligible Customers (Customers with a non-coincident demand of 1MW and greater and those approved through the DALAS process) on the effective date of this Article until such time that the available load is fulfilled. Eligibility for Direct Access service for commercial and industrial Customers during the phase in period is both Customer and site specific. During the phase in period only, TEP shall not accept DASRs that specify a Direct Access switch date of more than sixty (60) calendar days from the date the DASR is submitted to TEP.

I. Billing Service Options and Obligations

1. Billing Options

Subject to availability, and pursuant to the terms in the ESP Service Acquisition Agreement and TEP's Billing and Credit Protocol, this Article, and applicable Pricing Plans and the restrictions therein, ESPs may select among the following billing options:

- a. TEP Consolidated Billing
- b. ESP Consolidated Billing
- c. Dual TEP/ESP Billing

2. TEP Consolidated Billing

- a. The Customer's authorized ESP sends its bill-ready data to TEP, or TEP calculates ESP charges, and TEP sends a consolidated bill containing both TEP and ESP charges to the Customer.
- b. TEP's Obligations
 - (1) If the ESP elects to send bill-ready data, TEP shall include ESP charges and send the bill either by mail or electronic means to the Customer. TEP is not responsible for computing or determining the accuracy of the ESP charges on the bill. TEP is not required to estimate ESP charges if the expected bill-ready data is not received, nor is TEP required to delay TEP billing. Billing rendered on behalf of the ESP by TEP shall comply with A.A.C. R14-2-1613.
 - (2) TEP may elect to calculate ESP charges. If TEP elects to do so, and if the ESP elects to have TEP calculate the ESP charges, TEP shall update the Customer's records to reflect ESP charges to the

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Customer based upon the pre-defined ESP Pricing Plan or charges agreed upon between the ESP and the Customer for the ESP's services. TEP will calculate both TEP and ESP charges, include all charges on the bill, and send the bill either by mail or electronic means to the Customer.

- (3) TEP bills shall include a total of ESP charges and applicable taxes, assessments and fees billed, the ESP's telephone number, and the Customer's rate schedule number or service offer. Any billing-related details of ESP charges may be provided as specified in the applicable Pricing Plan approved by the ACC. These items shall be printed with the TEP bill or electronically transmitted to the Customer.
- (4) TEP shall process Customer payments. The ESP shall receive payment for its charges as specified in this Article at Section H.7, Payment and Collection Terms.

c. ESP's Obligations

- (1) Once a billing election is in place as specified in the ESP Service Acquisition Agreement, the ESP may offer TEP Consolidated Billing services to Direct Access Customers.
- (2) The ESP shall submit the necessary billing information to facilitate billing services under this billing option by service point, according to TEP's meter reading schedule, and pursuant to the applicable Pricing Plan. Timing of billing submittals is provided for in Section H.2.d below.

d. Timing Requirements

- (1) Bills under this option will be rendered once a month. Nothing contained in this Article shall limit TEP's ability to render bills more frequently consistent with TEP's existing practices. However, if TEP renders bills more frequently than once a month, ESP charges need only to be calculated based on monthly billing periods.
- (2) Except as provided in Section H.2.d.1, TEP shall require that all ESP and TEP charges be based on the same billing period data.
- (3) ESP charges for normal monthly Customer billing and any adjustments for prior months' metering or billing errors must be received by TEP in EDI "810" (bill-ready data) format no later than 3:00 p.m. on the last working day of TEP's bill processing window. If billing charges have not been received from the ESP by this date, the last day of the TEP bill-processing window, TEP will render the bill for TEP charges only, without ESP charges. The ESP must wait until the next billing cycle, unless there is a mutual agreement for TEP to send an interim bill. If TEP renders the bill for TEP charges only, TEP will include a note on the bill stating that ESP charges will be forthcoming. An interim bill issued pursuant to this Section may also include a message that TEP charges were previously billed.
- (4) ESP charges for a Physical Disconnect Final Bill must be received by 3:00 p.m. on the fifth working day following the actual disconnect date. If final billing charges have not been received from the ESP by this date, TEP will render the Customer's final bill for TEP charges only, without the ESP's final charges. If TEP renders the bill for TEP charges only, TEP will include a note on the bill stating that ESP charges will be forthcoming. The ESP must then produce a separate final bill for their charges, unless otherwise agreed upon by TEP and the ESP.

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3. ESP Consolidated Billing

- a. TEP calculates and sends its bill-ready data to the ESP. The ESP in turn sends a consolidated bill to its Customer. The ESP shall be obligated to provide the Customer detailed TEP charges to the extent that the ESP receives such detail from TEP. The ESP is not responsible for the accuracy of TEP charges.
- b. TEP's Obligations
 - (1) TEP shall calculate all TEP charges once per month and provide these to the ESP to be included on the ESP consolidated bill or as otherwise specified.
 - (2) TEP shall provide the ESP sufficient detail of TEP charges, including any adjustments for prior months' metering and billing error, by EDI 810 format. TEP charges that are not transmitted to the ESP by 3:00 p.m. on the last working day of TEP's bill processing window need not be included in the ESP's bill. If TEP's billing charges have not been received by such date, the ESP may render the bill without TEP charges unless there is a mutual agreement to have the ESP send an interim bill to the Customer including TEP charges. If the ESP does not include such late-received charges, the ESP shall bill the charges in the next available billing cycle after receipt of the billing data from TEP. The ESP will include a message on the bill stating that TEP charges are forthcoming.
 - (3) For a Physical Disconnect Final Bill, TEP will provide the ESP with TEP's final bill charges by 3:00 p.m. on the fifth working day following the actual disconnect date. If TEP's billing charges have not been received by such date, the ESP may render the bill without TEP charges. TEP will then render a separate bill for the UDC charges, unless a mutual agreement is made between TEP and the ESP to have a final bill produced and sent to the Customer for the TEP final charges. The ESP shall include a message on the bill stating that TEP charges are forthcoming.
 - (4) TEP charges shall be calculated based on existing TEP billing cycles regardless of which party provides the meter reading. TEP charges shall be conveyed to the ESP electronically or by other means acceptable to both the ESP and TEP.
- c. ESP Obligations
 - (1) Once an ESP Service Acquisition Agreement is entered into, including an appropriate billing election, creditworthiness has been established, and all other applicable prerequisites are met, the ESP may offer consolidated billing services to Direct Access Customers they serve.
 - (2) The ESP bill shall include any billing-related details of TEP charges. The TEP charges may be printed with the ESP bill or electronically transmitted. Billing rendered on behalf of TEP by the ESP shall comply with A.A.C. R14-2-1612.
 - (3) Other than including the billing data provided by TEP on the Customer's bill, the ESP has no obligations regarding the accuracy of TEP charges calculated by TEP or for disputes related to these charges. Disputed charges shall be handled according to ACC procedures.

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(4) The ESP shall process Customer payments and handle collection responsibilities. Under this billing option, the ESP must pay all TEP charges due to TEP and not disputed by the Customer pursuant to Section H.7.b.1 of this Article.

(5) Subject to the limitations of this Section and with the written consent of the Customer, the ESP may offer Customers customized billing cycles or payment plans which permit the Customer to pay the ESP for TEP charges in different amounts than TEP charges to the ESP for any given billing period. Such plans shall not, however, affect in any manner the obligation of the ESP to pay TEP charges as billed by TEP. Should the Customer select an optional payment plan, all TEP charges must be billed in accordance with A.A.C. R14-210(G).

d. **Timing Requirements**

ESPs may render bills more or less frequently than once a month. However, TEP shall continue to bill the ESP each billing cycle period for the amounts due by the Customer for that billing month.

4. **Dual TEP/ESP Billing**

a. TEP and the ESP each separately bill the Customer directly for services provided by them. The billing method is the sole responsibility of TEP and ESP.

b. TEP and the ESP shall process only the Customer payments relating to their respective charges.

5. **Billing Information and Inserts**

a. All TEP Customers, including Direct Access Customers, shall receive mandated legal, safety and other notices equally in accordance with A.A.C. R14-2-204 (B). If the ESP is providing consolidated billing, TEP shall make available one (1) copy of these notices per Customer to the ESP for distribution to Customers or, at the ESP's request, in electronic format to the ESP for production and communication to electronically billed Customers. If TEP is providing consolidated billing services, TEP shall continue to mail these notices in the billing envelope and may use the billing envelope as it does in current practices for providing such information.

b. Under TEP Consolidated Billing, ESP bill inserts may be included pursuant to the applicable TEP Pricing Plan.

6. **Billing Adjustments for Meter and Billing Error**

a. **Meter and Billing Error**

(1) The MSP or MRSP (including the ESP or TEP if providing such services), whichever discovers it first, shall resolve any meter errors and must notify the ESP and TEP, as applicable, so any billing adjustments can be made. Additionally, the MSP or MRSP, whichever discovers the error or errors first, must notify all other affected parties, including the appropriate Scheduling Coordinator.

(2) A billing error is the incorrect billing of the Customer's electrical usage. If the MSP, MRSP, ESP or TEP becomes aware of a potential billing error, the party discovering the billing error shall contact the ESP

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and TEP, as applicable, to investigate the error. If it is determined that there is in fact a billing error, the ESP and TEP will make any necessary adjustments, and the ESP will notify all other affected parties in a timely manner.

(3) TEP Consolidated Billing

- (a) TEP shall be responsible for notifying the Customer and adjusting the bill for TEP charges to the extent those charges were affected by the meter or billing error.
- (b) The ESP shall be responsible for any recalculation of the ESP charges if the ESP is providing bill-ready data. Following the receipt of the recalculated charges from the ESP, the charges or credits will be applied to the Customer's next normal monthly bill, unless there is mutual agreement to have TEP send an interim bill to the Customer including the ESP's charges.
- (c) TEP shall be responsible for any recalculation related to the ESP charges if TEP is calculating the ESP charges.

(4) ESP Consolidated Billing

- (a) The ESP shall be responsible for notifying the Customer and adjusting the bill for ESP charges to the extent those charges were affected by the meter or billing error. The Customer shall be solely responsible for obtaining refunds of ESP electric generation overcharges attributable to a fast meter from its current and prior ESPs, as appropriate.
- (b) TEP shall transmit adjusted TEP charges and any refunds for overcharges to the ESP with the Customer's next normal monthly bill. The ESP shall apply the charges to the Customer's next normal monthly bill, unless there is a mutual agreement to have the ESP send an interim bill to the Customer including TEP's charges.

(5) Dual TEP/ESP Billing

TEP and ESP shall be separately responsible for notifying the Customer and adjusting its respective bill for their charges.

7. Payment and Collection Terms

a. TEP Consolidated Billing

- (1) TEP shall remit payments to the ESP for the total ESP charges collected from the Customer within three (3) working days after the Customer's payment is received. TEP is not required to pay amounts owed to the ESP for ESP charges billed but not received by TEP.
- (2) The Customer is obligated to pay TEP for all undisputed TEP and ESP charges consistent with existing Pricing Plans and other contractual arrangements for service between the ESP and the Customer.

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- (3) The ESP is responsible for all collections related to the ESP services on the Customer's bill, including, but not limited to, security deposits and late charges unless otherwise agreed upon in the customized billing service agreement between ESP and TEP.

b. **ESP Consolidated Billing**

- (1) The ESP shall pay amounts owed to TEP for undisputed TEP charges whether or not the Customer has paid the ESP. Payment is due in full from the ESP within fifteen (15) business days after the date TEP's charges are rendered to the ESP. The ESP shall pay all undisputed TEP charges due TEP regardless of whether the Customer has paid the ESP. All charges received after fifteen (15) business days may be assessed applicable late fees pursuant to Article 15. If an ESP fails to pay these charges prior to the next billing cycle, TEP may revert the billing option for that ESP's Customers to Dual Billing pursuant to Section H.10.d. If an ESP is late in paying charges a deposit or additional deposit as provided for in Section H.11 of this Article may be required.
- (2) TEP shall be responsible for any follow-up inquiries with the ESP if there is question concerning the payment amount.
- (3) TEP has no payment obligations to the ESP for Customer payments under ESP Consolidated Billing services.

c. **Dual TEP/ESP Billing**

TEP and ESP are separately responsible for collection of Customer payment for their respective charges.

8. **Late or Partial Payments and Unpaid Bills**

a. **TEP Consolidated Billing**

- (1) TEP shall not be responsible for ESP's Customer collections, collecting the unpaid balance of ESP charges from Customers, sending notices informing Customers of unpaid ESP balances, or taking any action to recover the unpaid amounts owed the ESP. The ESP shall assume any collection obligations and/or late charge assessments for late or unpaid balances related to ESP charges under this billing option.
- (2) All Customer payments shall be applied first to unpaid balances identified as TEP charges until such balances are paid in full, then applied to ESP charges. A Customer may dispute charges as provided by A.A.C. R14-2-212 and this Article, but a Customer will not otherwise have the right to direct partial payments between TEP and the ESP.
- (3) ACC rules shall apply to late or non-payment of all TEP Customer charges. Undisputed TEP delinquent balances owed on a Customer account shall be considered late and subject to TEP late payment procedures by TEP.

b. **Dual TEP/ESP Billing**

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TEP and the ESP are responsible for collecting their respective unpaid balances, sending notices to Customers informing them of the unpaid balance, and taking appropriate actions to recover their respective unpaid balances. Customer disputes with ESP charges must be directed to the ESP and Customer disputes with TEP charges must be directed to TEP.

9. Service Disconnects and Reconnects

- a. In accordance with ACC rules, TEP has the right to disconnect electric service to the Customer for a variety of reasons, including, but not limited to, the non-payment of TEP final bills or any past due charges by the Customer, or evidence of safety violations, energy theft, or fraud, by the Customer. TEP will perform the disconnect for non-payment regardless of the ESP. The following provides for service disconnects and reconnects.
 - (1) TEP shall notify the Customer and the Customer's ESP of TEP's intent to disconnect electric service for the non-payment of TEP charges prior to disconnecting electric service to the Customer. TEP shall further notify the ESP at the time the Customer has been disconnected. To the extent authorized by the ACC, a service charge may be imposed on the Customer if a field call is performed to disconnect electric service.
 - (2) TEP shall reconnect electric service for an ACC-authorized service fee when the criteria for reconnection have been met to TEP's satisfaction. TEP shall notify the ESP of a Customer's reconnection.
 - (3) TEP shall not disconnect electric service to the Customer for the non-payment of ESP charges by the Customer. In the event of non-payment of ESP charges by the Customer, the ESP may submit a DASR requesting termination of the service agreement and request return to TEP Standard Offer Service. TEP will then advise the Customer that they will be placed on TEP Standard Offer Service unless a DASR is received from another ESP on their behalf.

10. Involuntary Service Changes

a. Service Changes

- (1) A Customer may have its service of electricity, billing, or metering from an ESP changed to another provider, including TEP, involuntarily in the following circumstances:
 - (a) The ACC has decertified the ESP or the ESP otherwise receives an ACC order that prohibits the ESP from serving the Customer.
 - (b) The ESP, including its agents, has materially failed to meet its obligations under the terms of the ESP's ESP Service Acquisition Agreement with TEP (including applicable Pricing Plans and schedules) so as to constitute an Event of Default under the terms of the ESP Service Acquisition Agreement, and TEP exercises its contractual right to terminate the ESP Service Acquisition Agreement.

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- (c) The ESP has materially failed to meet its obligations under the terms of the ESP Service Acquisition Agreement (including applicable Pricing Plans and schedules) so as to constitute an Event of Default and TEP exercises a contractual right to change billing options.
- (d) The ESP ceases to perform by failing to provide schedules through a Scheduling Coordinator wherever such schedules are required, or the ESP fails to have a Service Acquisition Agreement in place with a Scheduling Coordinator.
- (e) The Customer fails to meet its Direct Access requirements and obligations under the ACC rules and TEP's Pricing Plans and schedules.

b. Change of Service Election in Exigent Circumstances

In the event TEP finds that an ESP or the Customer has materially failed to meet its obligations under this Article or the ESP Service Acquisition Agreement such that TEP elects to invoke its remedies under this Section H.10 (other than termination of ESP Consolidated Billing under Section H.10.a.1.c) and the failure constitutes an emergency (defined as posing a substantial threat to the reliability of the electric system or to public health and safety), or the failure relates to ESP's sale of unscheduled energy, TEP may initiate a change in the Customer's service election, or terminate an ESP's ability to offer certain services under Direct Access. In such case, TEP shall initiate the change or termination by preparing a DASR, but the change or termination may be made immediately notwithstanding the applicable DASR processing times set forth in this Article. TEP shall provide such notice and opportunity to cure the problem as is reasonable under the circumstances, if any is reasonable. Additionally, TEP shall notify the ACC of the circumstances that required the change or the termination and the resulting action taken by TEP. The ESP and/or Customer shall have the right to seek an order from the ACC restoring the Customer's service election and/or the ESP's ability to offer services. Unless expressly ordered by the ACC, the provisions of this section shall not disconnect electric service provided to the Customer other than as provided in Section G.7.b.2 of this Article.

c. Change in Service Election Absent Exigent Circumstances

- (1) In the event TEP finds that an ESP has materially failed to meet its obligations under this Article or the ESP Service Acquisition Agreement such that TEP seeks to invoke its remedies under this Section H.10 (other than termination of ESP Consolidated Billing under Section H.10.a.1.c), and the failure does not constitute an emergency (as defined in Section 7.10.2.1) or involve an ESP's unauthorized energy use, TEP shall notify the ESP and the ACC of such finding in writing stating the following:
 - (a) The nature of the alleged failure;
 - (b) The actions necessary to cure the failure; and
 - (c) The name, address and telephone number of a contact person at TEP authorized to discuss resolution of the failure.
- (2) The ESP shall have thirty (30) calendar days from receipt of such notice to cure the alleged failure or reach an agreement with TEP regarding the alleged failure. If the failure is not cured and no agreement is reached between TEP and the ESP following this thirty (30) day period, TEP may initiate the DASR process set forth in this Article to accomplish its remedy and shall notify the Customers of such remedy.

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Unless expressly ordered by the ACC, the provisions of this section shall not disconnect electric service provided to the Customer other than as provided in Section G.7.b.2 of this Article.

d. Termination of ESP Consolidated Billing

- (1) ESP Consolidated Billing may be terminated under the circumstances set forth in this Section H.10.d. This Section H.10.d sets forth the notice and opportunity to cure provisions applicable to defaults that permit a remedy of terminating ESP Consolidated Billing under this Article (which is incorporated by reference in the ESP Service Acquisition Agreement)
- (2) TEP may terminate ESP Consolidated Billing under the following circumstances:
 - (a) If TEP finds that the information provided by the ESP in the ESP Service Acquisition Agreement is materially false, incomplete or inaccurate; the ESP attempts to avoid payment of ACC-authorized TEP charges; or the ESP files for bankruptcy, fails to have an involuntary bankruptcy proceeding filed against the ESP dismissed within sixty (60) calendar days, admits insolvency, makes a general assignment for the benefit of creditors, is unable to pay its debts as they mature, or has a trustee or receiver appointed over all or a substantial portion of its assets, TEP shall notify affected Customers that ESP Consolidated Billing services will be terminated, and TEP may switch affected Customers to Dual Billing as promptly as possible.
 - (b) If the ESP fails to pay TEP (or dispute payment pursuant to the procedures set forth in this Article) the full amount of all TEP charges and fees by the applicable due date, TEP shall notify the ESP of the past due amount within two (2) working days of the applicable past due date. If the ESP incurs late charges on more than three (3) occasions or fails to pay overdue amounts including late charges within five (5) working days of the receipt of notice by TEP, TEP may notify the ESP's Customers and the ESP that ESP Consolidated Billing services will be terminated, and that Customers shall be switched to Dual Billing.
 - (c) If the ESP fails to comply within thirty (30) calendar days of the receipt of notice from TEP of any additional credit, security or deposit requirements set forth in Sections F.6 and H.11 of this Article, TEP may notify the ESP that ESP Consolidated Billing services will be terminated, and that Customers shall be switched to Dual Billing.
- (3) Upon termination of ESP Consolidated Billing pursuant to this Section H.10.d, TEP may deliver a separate bill for all TEP charges that were not previously billed by the ESP.
- (4) TEP may reinstate the ESP's eligibility to engage in ESP Consolidated Billing upon a reasonable showing by the ESP that the problems causing the revocation of ESP Consolidated Billing have been cured, including payment of any late charges, reestablishing credit requirements in compliance with Sections F.6 and H.11, and payment to TEP of all costs associated with changing ESP Customers' billing elections to and from dual billing.
- (5) In the event TEP terminates ESP Consolidated Billing, TEP will return any security posted by the ESP pursuant to the ESP Service Acquisition Agreement.

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- e. Upon termination of ESP Direct Access services pursuant to this Section H.10, the provision of the affected service(s) shall be assumed by another eligible ESP from which the Customer elects to obtain the affected service(s). Absent an election by the Customer, TEP shall provide such services, until such time that the Customer makes an election.
- f. TEP shall not use involuntary service changes in an anticompetitive or discriminatory manner.

11. ESP Security Deposits

- a. TEP may, at its discretion, require cash security deposits from any ESP that has on more than one occasion failed to timely pay TEP charges or ACC-approved Direct Access charges, such as DASR fees, meter or billing error or service fees, and other fees applicable to an ESP through this Article and TEP's other Pricing Plans and schedules.
- b. The amount of the security deposit required shall not exceed two and one-half (2.5) times the estimated maximum monthly bill to the ESP for such charges, and a separate security deposit may be required for separate categories of ESP or Direct Access charges.
- c. Security deposits required pursuant to this Section H.11 shall be in the form of a cash deposit or other acceptable means of security accruing interest as specified in TEP's Article 3. TEP shall issue the ESP a nonnegotiable receipt for the amount of the deposit.
- d. TEP may refuse to accept DASRs from, or provide other TEP services to, an ESP that fails to comply with ten (10) business days to a demand that the ESP establish a security deposit pursuant to this Section H.11.

J. Meter Services

- 1. Under Direct Access, ESPs may offer certain metering services for Direct Access implementation, including meter ownership, (MSP) and (MRSP) services.
- 2. TEP has the right to offer the following meter services:
 - a. Metering and Meter Reading for Residential Load-Profiled Customers.
 - b. All competitive Metering or Meter Reading services as authorized pursuant to Rule R14-2-1615.
 - c. Other services as authorized by the ACC.
- 3. TEP reserves the right to perform meter disconnects, regardless of meter ownership, in cases of non-payment for TEP charges.
- 4. An ESP may sub-contract Metering or Meter Reading Services to a qualified third party. If the ESP sub-contracts any of the components of these services to a third party, the ESP shall, for the purposes of this Article, remain responsible for the services.

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5. ESPs providing Metering or Meter Reading Services to Direct Access Customers either on their own or through a third party assume full responsibility for meeting the applicable meter and communication standards, as well as assuming responsibility for the safe installation and operation of the meter and any personal injuries and damage caused to Customer or TEP property by the meter or its installation. This liability will lie with the ESP regardless of whether the ESP or its subcontractors perform the work.

6. Meter Specifications

- a. The Director of Utilities Division of the ACC has determined the following specifications and standards shall apply to competitive metering where applicable:

- b. Metering standards (American National Standards Institute):

ANSI C12.1 Code for Electricity Metering

ANSI C12.6 Marketing & Arrangement of Terminals for Phase Shifting Devices used in Metering

ANSI C12.7 Watt-hour Meter Socket

ANSI C12.10 Electromechanical Watt-hour Meters

ANSI C12.13 Electronic TOU Registers for Electricity Meters

ANSI C12.18 Type 2 Optical Port

ANSI C12.20 0.2% & 0.5% Accuracy Class Meters

ANSI C37.90 Surge Withstand Test

ANSI 57.13 Instrument Transformers (All CTs & PTs)

ANSI Z1.4 Sampling Procedures and Tables for Inspection

ANSI Z1.9 Sampling Procedures and Tables for Inspection

- c. EEI Electricity Metering Handbook
- d. Electric Utilities Service Equipment Requirements Committee ("EUSERC")
- e. National Electric Code ("NEC") & Local Requirements
- f. TEP Electric Service Requirements Handbook
- g. National Electrical Safety Code

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- h. ESPs or their contractors providing competitive metering services shall also comply with such other specifications or standards determined to be applicable or appropriate by the ACC's Director of Utilities Division.

7. Meter Conformity

- a. All Direct Access meters shall have a visual kWh display and must have a physical interface to enable on-site interrogation of all stored meter data. All meters installed must support the Customer's TEP Pricing Plan.
- b. If TEP is providing MRSP functions for the ESP, meters must be compatible with TEP's meter reading system.
- c. No meter or associated metering equipment shall be set or allowed to remain in service if it is determined that the meter or its associated equipment did not meet TEP's existing approved specifications, as set forth in TEP's Electric Service Requirements Manual in place at the time of installation.

8. Meter Testing

- a. If a manufacturer's sealed meter has not previously been set and the meter was tested within the last twelve (12) months, the meter shall be deemed in compliance with ACC standards without additional testing.
- b. Any meter removed from service shall receive a calibration test prior to reinstallation.
- c. Records on calibration shall be maintained by the MSP and provided to the requesting parties within three (3) working days of such a request for such records. The latest calibration record shall be kept as long as the meter is in service.

9. Meter Test Requests

- a. Pursuant to A.A.C. R14-209 (F), either party may request that the other party perform a meter test, in which instance the requesting party is entitled to witness the test if it so chooses.
- b. The requesting party shall be notified of the test date and written test results from the testing party. If the meter is found to be within ACC-approved standards, the requesting party shall reimburse the other party for all costs incurred in the process of testing the meter (per ACC-approved Pricing Plans).
- c. The MSP shall take reasonable measures to detect meter error. The MSP shall notify TEP as soon as it becomes aware of any meter that is not operating in compliance with ACC performance specifications. The MSP shall make any repairs or changes required to correct the error and notify TEP's Meter Services Department.

10. Meter Identification

- a. The ESP or its agent shall install a Universal Meter Identifier ("UMI") as prescribed in the ACC Competition Rules. This UMI sticker must be readily visible from the front of the meter.

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- b. When an ESP installs either its own meter or a Customer owned meter, the ring or lock ring must be secured with an orange seal that is imprinted with the name of the load serving ESP's name or logo or their agent.

11. Installation of Metering Equipment

- a. All metering equipment shall be installed according to all applicable ACC requirements and TEP's Electric Service Requirements Manual, Rules and Regulations.
- b. An ESP or its agent must be authorized by TEP to remove a TEP-owned meter or PTs and CTs. Once authorized, when the ESP or its agent intends to remove a TEP meter with or without CTs and PTs and install a new meter with or without CTs and PTs in its place, the ESP or its agent must first notify TEP's Meter Services Department.
- ~~c. During the phase in period (October 1, 1999 through December 31, 2000) the meter exchange must be completed within 60 days of the date that the RQ DSAR is submitted.~~
- cd. The ESP or its agent shall inform TEP's Meter Services Department of all meter activity, such as meter installations, exchanges, CT and PT exchanges within the time frames specified above. Additionally, the ESP must provide TEP with the most recent meter calibration test data. If final meter reads are not provided to TEP, are inaccurate, or otherwise result in TEP not being able to render accurate final bills to Customers pursuant to ACC Rules and Regulations, the ESP shall be responsible for any unbilled, disputed, or unrecoverable amounts and applicable late charges. If TEP is acting as the MRSP for an ESP, and final meter reads are not provided to the ESP, are inaccurate, or otherwise result in the ESP not being able to render accurate final bills to Customers pursuant to ACC Rules and Regulations, TEP shall be responsible for any unbilled, disputed, or unrecoverable amounts and applicable late charges.
- ed. The ESP or its agent shall return the existing meter with any removed PTs and CTs to TEP at one of TEP's designated locations throughout TEP's service territory within fifteen (15) working days after its removal, or be charged the cost of the meter and metering equipment and/or any other charges per the applicable ACC-approved Pricing Plan. The ESP or its agent shall be responsible for damage to the meter and/or metering equipment occurring during shipment. TEP shall return the existing ESP meter with any removed PTs and CTs owned by the ESP or its agent to the ESP at one of the ESP's designated locations throughout TEP's service territory within fifteen (15) working days after its removal, or be charged the cost of the meter and metering equipment and/or any other charges per the applicable ACC-approved Pricing Plan. TEP shall be responsible for damage to the meter and/or metering equipment occurring during shipment.

12. On-Site Inspections/Site Meets

- a. TEP may perform on-site inspections of meter installations. The ESP shall be notified if the inspections uncover any material non-compliance by the MSP with the approved specifications and standards.
- b. For new construction, TEP shall ensure that the owner/builder has met the construction standards outlined in the TEP Electric Service Requirements Manual, as well as local municipal agency requirements, and any updates, supplements, amendments and other changes that may be made to this manual and requirements. TEP shall perform a pre-installation inspection on all new construction. Local city/county clearances will also be required prior to energizing any new construction.

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- c. TEP may require a site meet to exchange or remove an IDR meter which requires an optical device to retrieve interval data; an existing totalized metering installation; a restricted access location for which TEP forbids key access; co-generation, bi-directional or detented metering; or on request of an ESP or MSP. The ESP and TEP's Meter Services Department shall coordinate the time of the site meet. If the ESP or MSP misses two (2) site meets, TEP may cancel the applicable DASR.
- d. TEP may charge for a site meet requested by the ESP or MSP, or if the ESP or MSP fails to arrive within thirty (30) minutes of the appointment time, or if the ESP fails to cancel a site meet at least one (1) working day in advance of the appointment time. The ESP or MSP may charge for a site meet requested by TEP under the same conditions specified herein.

13. Meter Service Options and Obligations

- a. Meter Ownership shall be limited to TEP, an ESP, or the Customer. The Customer must obtain the meter through TEP or an ESP. Although a Customer may own the electric meter, maintenance and servicing of the metering equipment shall be limited to TEP, the ESP, or the ESP's agent.
- b. If the ESP or Customer owns the meter, the ESP may purchase the existing CTs and PTs and/or associated metering equipment from TEP. If the ESP chooses not to purchase the CTs and PTs and/or associated equipment, the ESP will still retain responsibility for maintaining and replacing CTs and PTs and/or associated equipment.
- c. The following provisions apply to the ownership of CTs and PTs:
 - (1) For distribution voltages up to 25kv, the ESP or TEP shall own the CTs and PTs. For transmission primary voltages (over 25kv), the CTs and PTs shall be owned by TEP. ESP-owned CTs & PTs must meet TEP specifications. No CTs and PTs or associated metering equipment shall be set or allowed to remain in service if it is determined that the CTs and PTs or its associated equipment did not meet TEP's approved specifications, as set forth in TEP's Electric Service Requirements Manual, in place at the time of installation.
- d. All CT-rated meter installations shall utilize safety test switches, and all self-contained commercial metering shall utilize safety-test blocks as provided in the TEP Electric Service Requirements Manual. During meter exchanges, the ESP or its agent's employees who are certified to perform the related MSP activities may install, replace or operate TEP test switches and operate TEP-sealed Customer-owned test blocks.
- e. Direct Access premises with multiple service entrance sections will be considered separately for metering purposes. Existing totalizing installations will be discontinued upon a Customer's entrance into Direct Access.

14. Installation Options

- a. The ESP may choose from the following list of options for meter installation:
 - (1) ESP owned/ESP installed metering

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- (2) ESP owned/TEP installed metering
 - (3) Customer owned/ESP installed metering
 - (4) Customer owned/TEP installed metering
 - (5) TEP owned/TEP installed metering
- b. ESP or their agents must be certified by the ACC in order to offer MSP services. The policies and procedures described in this Section assume that the MSP service provider and his meter installers have ACC certification. ESPs may elect to offer metering services by:
- (1) Becoming a certified Metering Service Provider.
 - (2) Subcontracting with a third party that is a certified MSP.
 - (3) Subcontracting with TEP under the circumstances described in Section 1.2 of this Article.
15. ESP's Obligations When Providing Metering Services
- a. If lock rings are used, they shall meet TEP requirements and protocols.
 - b. Provide information to TEP on the specifications and other specifics on meters not purchased from or installed by TEP.
 - c. For Customers transferring from Direct Access to Standard Offer service, the ESP shall either allow TEP to remove the Customer's meter, or schedule a joint meet to remove the meter. If the ESP allows TEP to remove meters, the ESP shall coordinate with TEP's Meter Services Department regarding the return of the ESP's meters, which shall be to a location within TEP's service territory. For Customers transferring from Standard Offer to Direct Access Service, TEP shall either allow the ESP to remove the Customer's meter, or schedule a joint meet to remove the meter. If TEP allows the ESP to remove meters, TEP shall coordinate with the ESP or its agent regarding the return of TEP's meters.
 - d. Be responsible for obtaining and providing reads from any meter that it installs from the time it is installed to the time it is removed or until meter reading responsibilities are assumed by another ESP or the Customer returns to Standard Offer service.
 - e. Ensure that ESP and MSP employees working in TEP territory follow ACC and other applicable safety standards.
 - f. In the event that unauthorized energy use is suspected and a safety hazard exists, notify TEP immediately, or within twenty-four (24) hours for non-safety issues, and cooperate with TEP in response thereto.
 - g. ESPs and their agents shall take no action to impede TEP's safe and unrestricted access to a Customer's service entrance.
 - h. Glass over any socket when a meter is removed and a new meter is not installed.

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16. ESP's Obligations When Providing MRSP Services

- a. MRSP functions shall be performed by certified MRSPs on the ESP's behalf in accordance with ACC regulations, and shall be the responsibility of the party specified in the DASR. MRSP obligations and responsibilities are as stated in the ACC's Rules and requirements and include:
 - (1) Meter data for Direct Access Customers shall be read, validated, edited, and transferred pursuant to ACC-approved standards.
 - (2) Both TEP and ESP shall have 24-hour/7 days per week access to the MRSP server.
 - (3) Meter read data including reads as well as the validated usage shall be posted to the MRSP server using EDI "867" format. Estimated reads, along with reasons for the estimate, shall be included with the reads on the MRSP server. The EDI format specification includes the estimated read reason codes to be used.
 - (4) The MRSP shall provide TEP with access to meter data at the MRSP server as required, to allow the proper performance of billing and settlement.
 - (5) MRSPs shall read the Customer's meter on the TEP read cycle. MRSP shall provide TEP with meter reading data in a manner that conforms to TEP's billing cycles in accordance with A.A.C. R14-2-209.
 - (6) The MRSP shall provide re-reads or read verifies within ten (10) working days of a request by TEP or the Customer. The requesting party may be charged per the applicable ACC-approved Pricing Plan if the original read was not in error.

17. Meter Reading Data Obligations

- a. Accuracy for All Meters
 - (1) Meter clocks shall be maintained according to Arizona time within +/- three (3) minutes of the National Time Standard.
 - (2) Meter read date and time shall be accurate.
 - (3) All meter reading data shall be validated with the applicable ACC-approved requirements.
- b. Timeliness for Validated Meter Reading Data
 - (1) Pursuant to guidelines established by the Utilities Division Director timeliness requirements for the delivery of data, one hundred percent (100%) of the validated meter reads shall be available by 3:00 p.m. local Arizona time on the third working day after the scheduled read date. If the meter reads are not posted or available or are posted clearly in error by 3:00 p.m. on the third working day after the scheduled read date, the read may be estimated or read by TEP and the ESP shall be charged an ACC-approved fee for this service. For newly installed IDR meters, IDR reads shall include the meter read, the interval data and enough information to calculate the read and total consumption to the exact cut-over date and time.

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c. Proof of Operational Ability

- (1) Prior to performing MRSP services in TEP's distribution service territory, or prior to making any significant change in MRSP service methodology, each MRSP will perform compliance testing to demonstrate its ability to read meters, validate data, edit data, estimate missing data and post validated data in TEP-compatible EDI format to the MRSP server. In addition, upon installation of the initial meter on Direct Access accounts in TEP's distribution service territory, each MRSP shall prove its ability to read its meters and post validated data in TEP-compatible EDI format to the MRSP server. If the MRSP is unsuccessful in its attempts to meet these requirements, all subsequent requests for meter exchanges will be postponed until the MRSP successfully demonstrates its operational ability.

d. Retention and Format for Meter Reading Data

- (1) All meter reading data for a Customer shall remain posted on the MRSP server for five (5) working days and will be recoverable for at least three (3) years.
- (2) Meter reading data posted to the MRSP server shall be stored in TEP-compatible EDI format.

18. TEP Performing MSP and MRSP Functions

- a. ~~If TEP is eligible to perform Direct Access-related MSP and MRSP functions as defined in Section 1.2, the following restriction applies:~~

- (1) ~~During the phase in period of October 1, 1999 to December 31, 2000 for load profiled Customers in which TEP is reading the meter, the validated meter read will be posted in EDI format no later than three (3) working days following the scheduled read date.~~

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198. Non-Conforming Meters, Meter Errors and Meter Reading Errors

- a. Whenever TEP, the ESP or its agents becomes aware of any non-conforming meters, erroneous meter services and/or meter reading services that impact billing, it shall promptly notify the other parties and the Customer in question. Bills found to be in error due to non-conforming meters or errors in meter services or meter reading services will be corrected by the appropriate parties.
- b. In cases of meter failure or non-compliance, the ESP or its agents shall have five (5) working days to correct the non-compliance. If the non-compliance is not remedied within five (5) working days, the following actions may apply:
 - (1) A site meeting may be required when services are being performed. The non-compliant party will be charged an ACC-approved Pricing Plan for the meeting.
 - (2) TEP may repair the defect, and the other party shall be responsible for all related expenses.
 - (3) Upon a demonstrated pattern of non-compliance (with ACC requirements and this Article) and failure to correct the problem in a timely manner, TEP may give written notice to the non-compliant party and to the ACC. After five (5) working days, TEP may suspend processing DASRs from an ESP that uses an MSP or MRSP that is non-compliant until such non-compliance is corrected to TEP's satisfaction.
 - (4) A pattern of non-compliance by an ESP is defined by the following conditions:
 - (a) If more than one percent (1%) of the service points served by an ESP, or five (5) service points, whichever is greater, are found to be non-conforming and are not corrected during the first six (6) months of Direct Access participation by that ESP.
 - (b) More than one-half of one percent (0.5%), or three (3) service points, whichever is greater, are found to be non-conforming and are not corrected during any six (6) consecutive months thereafter.
- c. TEP may refuse to enter into a new ESP Service Acquisition Agreement, or cancel an existing ESP Service Acquisition Agreement pursuant to Section H.10.a.1.b, with any ESP that has a demonstrated pattern of uncorrected non-compliance as established above. This provision shall not apply if the alleged demonstrated pattern of non-compliance or correction thereof is disputed and is pending before any agency or entity with jurisdiction to resolve the dispute.

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